G. R. S. 58]

Previous references.

File No. 6-15

1915.

Serial Nos. 1 to 18

(G.F.)

Later references.

G.F. 61-16 Ss 102, B. July 1916.

G.F. 61-16 Ss 324, B. Nov. 16.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1 to 18

Part B for May 1916.

SUBJECT.

Govt of India circulars relating to Accounts, Audit, Finance etc.

Sl. 18.

No

The Comptroller-

No. M. 5754 dt 9-5-1916.

Forwards copy of letter No M. 2648 dt 8-4-1916 from the Deputy Secretary to the Govt of India, Army Department addressed to the Adjutant General in India-

Rt. Parkas and Rd receipt 26-5-1916.

W D 1351—GPB—20,000—13-12-15

G. R. S. 11]. 1914-15

GENERAL AND REVENUE SECRETARIAT.

Gul Fui)

NOTES.

File No. 6-13

FILE HEADING.

Govt of India Circulars relating to Accounts, Audit, Finance &c.

From

2-103

No. Dated Received 9/7/15

Diary No. 155	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

Resolution No 1124-F dd 2/7/15 re: Alteration of the descriptive title of the civil heads of account "VIII 3 10— Assessed Taxes" to "VIII and 10— Income Tax".

NOTES AND ORDERS.

Do you not send a Cy/b Comp.?
HE
15/7.

Subd
Hon Secy
14/7/15

First Subd. 15/7
Pd for a 2nd time as no order issued
1917

2. Only one copy has been received. Draft forwarding the same to the Comptr is put up. 3. Issue. HE 18.7.15

Subd
Hon Secy
15/7/15

NOTES—First sheet.

GPB—20,100—8 5/15

(2

General and Revenue Secretariat. | G. 7. File No. 6 of 1915-16

Serial No.	
2	Finance Department Letter no: 657-A dated August 15 on the Subject of the System of Public Works Accounts which should be finally adopted as a result of the amalgamation of the Civil & Public Works Accounts Departments.
3	Finance Department Resolution no: 656A Dated 2d August 1915 Laying down rules to regulate the incidence of the Cost of protecting railway bridges.
Nemo Issued Hmb??	"Subd. with a draft forwarding a copy of each of the above to the Comptroller to Govt. Hmb 20/8/15 for Issue draft 6. The Scheme of amalgamation of P.W. and Civil Accounts outlined in the Go.I. of India letter is Submitted to Hd Qrs for information. 7. Similar action may will be taken in our State also. So as to reduce work in the Accounts Office. The System of issuing letters of credit for the P.W. Dept now prevailing may well be abolished and Sectional audit of non-gazetted officers as in the Civil Deptt introduced into the P.W. Department."

OTE—Contn. sheet.

GPB—30.0.0—15.9.14

615

J. R. S. 12]

General and Revenue Secretariat. | G.7 File No. 6 of 1915.

Serial No.	
4	Reference is invited to Certificate No: 1 in the Estt Establishment form (Page 58). We have already intimated a similar Certificate here. (Vide Pencil)
365	Initials 25/8
	9: Comptr's suggestions in the matter may be officially invited. M 8/9 Draft by [illegible]
	10. Draft Submitted. (Vide Pencil) Hvr 4/9/15. Initials 6/9.
	Fair Draft Submd Hvr 6.9.15 M 11 [illegible]
413	
4	To The Comptroller in Mysore. No: H 1284 & 16.9.15. Ref: to serial 2 Calls for the suggestions of the Comptroller in the matter of improving the work of the P.W. Branch Accounts Office of the State.
Sns	

G. R. S. 11] 191 5.

GENERAL AND REVENUE SECRETARIAT.

(G-R-)

NOTES.

File No. 6 9 15

FILE HEADING.

Circulars of Govt of India Finance Dept-

From

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No.
897			5

BRIEF ABSTRACT OF LETTER.

Copy of the letter No 1366 S.R. from the Govt of Bengal to the Govt of India, Secretary Statement showing regarding the admin of Income-tax Dept in Bengal for the year 1914-15-

NOTES AND ORDERS.

Subd for information.

After perusal, the returns may be sent to the Library

Corresp formerly B

20/1 13 Sent to Library 24/9

Notes—First Sheet.

GPB—20,000—8-8-14

G. R. S. 12]

General and Revenue Secretariat.

G-7 File No. 6 of 1915.

Serial No.	
6	Finee: Dept Resol^n no: 1356 E.B dy 20/10/15 re: Sanction to a project costing more than Rs 1,50,000
7	Finance Dept letter no: 1484-F dated 8th Oct 15 regarding the introduction of revised arrangements for the encashment of Currency notes at Govt Treasuries.
8	Finance Dept Resolution no 1392-E.B. dy 28/10/15 directing Substitution of the rule given for Rule III (11) in the Resol^n no: 368-Gl(E.A) dy 15/3/13.
9	Finance Dept letter no: 1510-F dy 23d Oct 15 regarding levy of Income Tax on business transacted by messrs Ralli Brothers, Calcutta in that State.

Subd with draft forwarding Copy of each of the above to the Comptroller.

Hoo 11.11.15 Mm

Qs. 1 some-

1. Are all Govt of India Resolutions bound together & if not will they be bound in the form of a book for facility of reference

This is not done now. It will be attended to hereafter. All the resolutions received upto the end of Dec^r 1915 may if approved be bound in one volume

12/1

13/11

NOTE—Contn. sheet.

Issue Treasuries

GPB—20,000—30-6-15

(5

F. R. S. 12]

General and Revenue Secretariat.	G-7. File No. 6 of 1915.
Serial No. 10	To The Comptroller in Mysore. No: JE 2236 d 19-11-15 Forwards Government of India Circulars received with Serial 6, 7, 8 & 9.

NOTE—Contn. sheet.

GPB—20,000—30-6-15

G. R. S. 12]

General and Revenue Secretariat.

S. F. 1930 File No. 6 of 1915

Serial No.	
9	Sale –
	PRO – Draft recording 8.2.16
	2 Draft put up
	PRO 14.2.16 2nd I do not think it is necessary even to issue an order recording – the papers may I think be filed after perusal by the 1st member – (1st member)
	3 I agree –
	18/3/16

NOTE—Contn. sheet.

GPB—25,000—30-4-15.

G. R. S. 12]

General and Revenue Secretariat.

97 File No. 6 of 1915.

Serial No.	
12	From. F. A. Resident in Mysore. No. 1284 dy 22. 2. 1916. Forwards, Copy of letter no 49. EB dy 16. 1. 1916. from the Govt of India Finance Deptt addressed to the Secretary to the Govt of Bombay, in Continuation of his Office Endorsement no 7082 dy 2. 10. 1914. sent to the Durbar, 2. Copies of Govt of India (Finance Deptt) Circular letter no. 83-A. dy Simla the 9th Feb 1916.
13	From. F. A. Resident. No. 1668 dy 9. 3. 1916. Forwards Copy of letter no H.S.-452 dy 7. 2. 1916. from the Govt of India Army Deptt to the Adjutant General in India and states that a copy of the Finance Deptt (military letter no 430 - Accounts dated 3d May 1915 referred to therein was communicated with his Office Endorsement no 4006 dy the 7th June 1915. rei. Subs for information with a draft for orders U. Shaw 29/3/16 25. Crowe dy 23/3.
As per draft orders.	
14.	R. 382 dy 22. 7. 1915 - To the Comptroller Copies of the above -
15.	From the F. A. Resident. No 2275 dy 31. 3. 1916. Forwards his Copies of Govt of India Resolution no 159 - EB. dy 7th 31. 1916.

NOTE—Contn. sheet.

GPB—70,000—17-12-15

2653

8

G. R. S. 12]

General and Revenue Secretariat.

G7 File No. 6 of 1915.

Serial No. 26.

Subd. When a few more fortnightly Mesopotamian resolutions are received they will all be sent in one batch with a complete Appendix.

Submitted for information.

4/5/16 21 Seen. Send a copy to Comptr. 4/5/16

28 Draft subd. 7/5/16 29. Issue 8.5.16

16 To the Comptroller. No. 5398 dt. 14.4.1916
Forwards copy of Sl. no. 15.

17. From the First assistant to the Hon'ble the Resident in Mysore
No. 2874 dt. 27th April 1916.
Forwards copy of Letter No. H 2648 dt. 8.4.1916. from the Deputy Secretary to the Govt of India, Army Dept. to the Adjutant General in India.

30 Submitted with a draft for approval or other orders
2/5/16. 31 Issue 2/5

NOTE—Contn. sheet.

GPB—70,000—17-12-15

No. H 382

GOVERNMENT OF H. H. THE MAHARAJA OF MYSORE.

Revenue and General Secretariat.

( )

, dated the 22nd July 1915

Forwarded to the Comptroller to the Govt. of H. H. the Maharaja of Mysore.

By Order,

19.7.15

For Financial Secy to Govt

List of Papers Forwarded.

Govt. of India Finance Department Resolution No: 1124 F. dated the 2nd July 1915 about alteration of the descriptive title of the civil heads of account "VIII and 10 – Assessed Taxes" to "VIII and 10 – Income Tax".

G. R. S. 33

20/7/15

No. H 1125

GOVERNMENT OF H. H. THE MAHARAJA OF MYSORE.

Revenue and General Secretariat.

Finance Br:)

, dated the 31st August 1915

Forwarded to the Comptroller to Govt.

By Order,

25-8-15

For Financial Secy to Govt

List of Papers Forwarded.

1 Govt of India Finance Department letter no 657 A dated — August 15 on the subject of the System of Public Works Accounts which should be finally adopted as a result of the amalgamation of the Civil and Public Works Accounts Departments.

2 Govt of India Finance Department Resolution No: 656 A Dated 2d August 1915 laying down rules to regulate the incidence of the cost of protecting railway bridges.

G. R. S. 33

9/26/8

Hon. 20-8-15

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FROM

THE HON'BLE MR. J. B. BRUNYATE, C.S.I., C.I.E., I.C.S.,
Secretary to the Government of India.

TO

ALL LOCAL GOVERNMENTS AND ADMINISTRATIONS.

Simla, the August 1915.

SIR,

I am directed to address you on the subject of the system of Public Works Accounts which should be finally adopted as a result of the amalgamation of the Civil and Public Works Accounts Departments.

2. It is now some five years since the amalgamation was effected and hitherto discretion has been given to introduce local variations in accordance with the orders contained in the letter from the Government of India in this Department No. 2866-A., dated the 30th April 1912. The Government of India consider that sufficient time has elapsed for experience to have been gained of such changes as have been introduced tentatively and that, so far as may be practicable, a uniform system of accounts should now be laid down applicable to all provinces. With this object in view the Comptroller and Auditor General has submitted a scheme to the Government of India with his letter No. 1021-A. & A., dated the 12th October 1914, a copy of which, with enclosures, is attached to this letter.

3. The Government of India are aware that the changes resulting from the amalgamation have met with considerable opposition in some provinces and they desire that Local Governments and Administrations should have the fullest opportunity of expressing their views before any system is finally introduced. It will be observed that in the present scheme, which is described in detail in the enclosures to the Comptroller and Auditor General's letter referred to above, several alterations in regard to details have been proposed with a view to meeting objections raised by executive officers.

4. The proposals of the Comptroller and Auditor General are based to some extent on the assumption that payment of salary and establishment bills should be made at treasuries and sub-treasuries. This procedure, which the Government of India consider to be correct in principle, has already been introduced in most provinces; but I am to say that, after careful consideration, the Government of India are prepared to meet, so far as possible, the wishes of Local Governments and Administrations and not to insist on the adoption or continuance of the procedure in any province in which it can be shewn that there are strong objections to it on administrative grounds.

5. The introduction of sectional audit and the consequent substitution of the Civil forms of salary and establishment bills is a reform which has already been adopted in all provinces and it has resulted in considerable economies in Audit offices. Moreover, the scheme drawn up by the Comptroller and Auditor General will result in saving of labour in several directions as compared with the system in force before the amalgamation and this should counterbalance any increase of work

which may possibly be entailed by the preparation of salary and establishment bills in the Civil forms. While, therefore, the Government of India are not disposed to agree to the discontinuance of the present arrangement in regard to the preparation of salary and establishment bills, they will welcome any suggestions in regard to details which the Local Government / you may have to offer with a view to decreasing work in executive offices.

6. Proposals are included in the present scheme which will render possible the compilation and closing of the Public Works accounts a month earlier than under the former system. The Government of India attach much importance to this, but I am to say that, so long as the object aimed at is kept in view, they are, in regard to this matter also, prepared to consider any modifications which may suggest themselves as advisable to the Local Government / you.

7. I am to request that the scheme may be taken into consideration and that the Government of India may be favoured as soon as possible with the recommendations of the Local Government / your recommendations on the proposals. It would, I am to suggest, be advisable, if the Local Government / you have no objection, that the scheme should in the first instance be considered by selected officers of the Public Works Department, both of administrative and executive rank, who from their experience of the working of the system in their own province will be in a position to give valuable advice, and that the Accountant General / Comptroller should be requested to lend the services of one of his officers to assist the Public Works Department officers in their consideration of the case and to explain any points of difficulty.

8. With reference to the letter from the Government of Madras in the Public Works Department, No. 2120-W., dated the 6th November 1914, I am to forward a copy of a memorandum by the Comptroller and Auditor General on the subject of the objections raised to the arrangements at present in force in the Madras Presidency and to request that it may be taken into consideration in dealing with the present proposals.

To Madras only.

9. In conclusion I am to say that the amalgamation of the Public Works and Civil Accounts is an accomplished fact, and the Government of India have no intention of reverting to the arrangements previously existing. They are anxious, however, that, while securing efficiency and reasonable simplicity and economy of work on the accounts and audit side, full regard should be paid to considerations of administrative convenience. They trust, therefore, that they will receive co-operation from the Local Governments in the scrutiny of the present proposals on their merits with a view to the satisfactory settlement of a question which has now been long outstanding.

I have the honour to be,

Sir,

Your most obedient servant,

J. B. BRUNYATE,

Secretary to the Government of India.

Copy forwarded to the Public Works Department and to the Comptroller and Auditor General.

By order, etc.,

E. BURDON,

Under Secretary to the Government of India.

274FinD—734—3-8-15—GCBP Simla

No. 1021-A. & A., dated Delhi, the 12th October 1914.

From—M. F. GAUNTLETT, Esq., I.C.S., Comptroller and Auditor General,

To—The Secretary to the Government of India, Finance Department.

I have the honour to submit for the orders of the Government of India two pamphlets headed "Description of the new Scheme", and "Reasons for the changes advocated" which embody the results of the Conference of Accounts officers held in Calcutta in April last with a view to formulate a scheme of accounts for adoption in the Public Works Department as a result of the amalgamation of the Public Works and Civil Audit offices. The pamphlet "Description of the new system" gives an account of all the changes proposed from the original system as contained in the Codes of the Public Works Department.

2. It is desirable first to give a brief resumé of the changes which have been introduced tentatively in the Public Works Accounts system up to the present. I then state to what extent objections raised by the Executive and Administrative officers in the different provinces to the changes already made in their respective provinces have been met, and finally offer a few remarks on the comparative importence of the changes advocated and indicate how far I consider them necessary for audit efficiency.

Course of the case.

3. (*a*) It was a natural consequence of the amalgamation that sections in the previously separate audit offices, doing similar work should be combined. In effecting this fusion, however, a great obstacle was found in the elaborate system of personal audit to which the Public Works establishment charges were subjected under the original Public Works system. Consequently, soon after the amalgamation almost all the provinces introduced the Civil forms of salary and establishment bills and, to the extent to which this system of audit would be used in a Civil Account office, the system of sectional audit. The extent to which this change has contributed to the saving of establishment which has been effected in the Account offices is indicated in paragraph 15 of the pamphlet entitled "Reasons for the changes advocated."

(*b*) The next stage in the amalgamation was reached in Bengal where with the concurrence of the Local Government and the Comptroller General the changes referred to under that province in the accompanying Memorandum of changes introduced in all the provinces, were introduced with effect from 1st April 1911. The main object of these changes was to accelerate the compilation of Public Works Accounts by one month and to have all the personal claims of Public Works officers and establishments settled by Treasury officers.

(*c*) The question as to the authority competent to issue orders at variance with the Public Works Department Codes was then raised and it was settled by the issue of the orders in the Government of India, Finance Department, No. 2866-A., dated the 30th April 1912.

(*d*) Following the orders issued in this Government of India letter, changes were introduced in all the provinces and a summary of all the changes is given in the accompanying Memorandum of changes" already referred to.

Extent to which objections have been met.

4. The scheme now put forward is the result of the discussion at the Conference held in Calcutta and in it no particular system has been adhered to, but an impartial attempt has been made to meet criticisms already made by Executive officers, so far as this can be done without departing from audit efficiency. A comparison of the new system with the various systems as indicated in the Memorandum of changes will show that, with a view to meet objections raised by the Executive, and as a result of experience gained in the Account offices, several changes in details have been made, of which the following are the more important :—

(1) In Bengal, Bihar and Orissa, and in Bombay two lists of payments and two schedule dockets for each work are sent to the Audit office

each month. It was urged that this led to unnecessary increase of work in the Executive Engineers' offices. In the new scheme this double compilation has been abolished and the Executive Engineers are asked to send in accounts only once in a month.

(2) The Excutive Engineers in Bengal generally complained that the abolition of the Cash Abstract Book (Public Works Form 26) and the Schedule of Expenditure (Public Works Department Form 32-O) led to difficulties in their offices, as the former was necessary for compilation and its abolition only led to rough manuscript registers being kept, instead of the printed forms previously in use, while the abolition of the latter deprived them of a useful document of reference. Both these forms have been re-introduced in the new scheme.

(3) As indicated in the pamphlet "Reasons for the changes advocated," I am prepared to allow the audit of the contractors' ledgers to be conducted locally or centrally according as the Excutive may prefer the one or the other method; as I do not think that either method is essentially superior to the other so far as Audit efficiency is concerned.

(4) As regards the complaints received against the introduction of Civil forms of salary and establishment bills and payments of these bills from the Treasuries, I would invite attention to paragraphs 16 and 20 of the pamphlet "Reasons for the changes advocated," for an account of the changes in procedure I am proposing, in order to meet, as far as possible, the objections raised.

Comparative importance of the different changes proposed.

5. The changes proposed in the new scheme fall under three main classes :—

(1) Those necessary in order that the Public Works Accounts may be compiled a month earlier.

(2) Those necessary for sectional audit.

(3) Those necessary for Treasury payments.

6. As regards (1) above, the main object of the changes is to bring about the synchronisation of the compilation of Public Works and Civil Accounts of the same month. So long as this result is secured, I am prepared to consider any modifications therein that may be proposed by the Executive from the point of view of their requirements. It is unnecessary for me to dilate on the importance of the greater accuracy of the monthly compilation of accounts prepared for the Local Government and the Government of India if they can include the accounts of that month of the largest spending department. The Government of India may legitimately press for the acceptance of any measures which will enable this end to be attained unless they entail exceptional inconvenience.

(2) *Sectional Audit.*

7. Sectional audit for almost all non-gazetted officers has been in force for nearly forty years, in the case of all other Civil Departments of Government, and is working quite satisfactorily. I am of opinion that for such establishments a more elaborate system of audit is unnecessarily expensive. I find no special reasons for the retention of personal audit for the whole of the non-gazetted establishments in the Public Works Department. In paragraph 3 (*a*) above I have already referred to the saving effected by the abolition of personal audit. The only inconvenience so far as the Executive Engineers are concerned, is the increase in the number of bills to be signed by them, and in view of the resulting economy and the other advantages of the system, I think this inconvenience may be overlooked. I would therefore press for the introduction of sectional audit in the case of Public Works Department non-gazetted establishments. Moreover, under the new scheme, Executive Engineers have not to sign the acquittance rolls which they used to circulate to every subordinate disbursing officer, and their signatures will be dispensed with on the subsidiary accounts forwarded with the monthly

accounts to the Account office, it being understood that their signature on the monthly account is a token of their responsibility for all the attached accounts.

Various objections have been urged against the travelling allowance bill forms. These have now been revised in order to meet these objections as far as possible.

(3) *System of Treasury Payments.*

8. The personal claims of almost all the other Civil Departments of Government are settled direct by the Treasuries. Its advantages are detailed in paragraphs 17, 18 and 19 of the pamphlet "Reasons for the changes advocated." The objections which have been most strongly urged against payments at treasuries are :—

(1) That it is futile to insist on payments of personal claims at treasuries while payments on works may still be made by officers of the Public Works Department.

(2) That it entails a larger number of visits to the treasury; thus wasting time and involving risk of loss of money in transit.

(3) That under this system it is necessary to keep separate cash accounts for recording the transactions under salaries, and travelling allowances, while under the old system these transactions were recorded in the same account as those relating to works.

(4) That it entails delay in the settlement of personal claims.

I do not consider (1) a valid argument. There is an essential difference between personal claims and payments due to outsiders. Audit recoveries can be enforced much more effectively by an independent authority, and much of the delay which now occurs in settling audit objections will cease when it is known that orders for recoveries issued as the result of audit will be enforced at treasuries.

Objection (2) can be met to a very large extent by the exercise of forethought on the part of officers who have to send bills to a treasury for payment, so as to ensure that as many bills as possible are sent at the same time.

With regard to objection (3) I would mention that the intention is that the bills and the acquittance rolls should form the only records of these transactions—please see last sub-paragraph of paragraph 65 of the pamphlet "Description of Revised System of accounts." In all the Accounts offices which contain establishments several times as large as those under an Executive Engineer, no other record is kept and no other record should be necessary in the case of Executive Engineers' offices.

I admit the validity of objection (4). There must be so much delay as is entailed by the journey to the treasuries and back. But I fail to see that a Government servant is seriously injured who obtains his pay say on the 5th or 6th of each month instead of on the 1st or 2nd as heretofore.

While, therefore, I admit that there is some force in the objections which have been urged, I am of opinion that payment of personal claims at treasuries is essential from the point of view of audit efficiency and I accordingly recommend its adoption in the Public Works Department.

9. Finally I may observe that the proposals now put forward not only represent the views of the Conference recently held, but are also the outcome of prolonged and deliberate consideration for nearly four years by Mr. Gillan and myself, after considerable discussion with several experienced officers of the Accounts Department and also with certain administrative and Executive officers of the Public Works Department. Our desire throughout has been to avoid, as far as possible, any departure from the previous system. The changes proposed have all been necessitated either by the altered conditions due to the amalgamation or by the requirements of audit efficiency. I recommend therefore the new scheme for the favourable consideration of the Government of India.

Reasons for the changes advocated.

1. The amalgamation of the superior accounts branch of the Public Works Department with the Indian Finance Department necessarily involved considerable changes in accounts procedure. Mr. Tomkins has expressed this very clearly thus :— Certain changes inevitable

" Hitherto the Public Works Department has had its own accounts department separate from the Accountant General, and the audit and compilation of the accounts of that Department up to a certain stage were done by the Examiner of Public Works Accounts. The Examiner, however, had no control over the funds of the Province nor had he any connection with the treasury. Moreover, his books were not final and to enable the Public Works Accounts to be incorporated in those of the rest of the country the figures had to be sent to the Civil Department. Similarly the Public Works Department had to obtain its funds from the Civil Department and for this purpose the Accountant General issued letters of credit on the treasuries in favour of the Public Works drawing officers. There was thus a triangular arrangement between the disbursing officers and the Examiner, and the Examiner and the Accountant General. Briefly the effect of the amalgamation is to abolish this triangular arrangement and to place the public works executive in direct touch with the treasury and the Accountant General, in the same way as are civil officers. The changes involved therefore are those which are necessary to bring this about in the most simple and direct way, and it is obvious that they must practically all be in the direction of reduction of work and procedure."

2. It may be said at once that the revised scheme of accounts which is now proposed contains no increase of work in any direction except such as is involved by the adoption of a change considered essential from the point of view of audit efficiency, while on the whole, considerable reduction of work is possible, and the accounts can be compiled a month sooner than under the old system.

3. Under the proposed system— Reduction of work.

(*a*) The following forms will be abolished—

Form 20 A— Cash Balance Statement.

32 P II—Schedule of Sales.

32 S—Schedule of London Invoices.

33C—Schedule of Establishment Charges,

41D—Application for letters of credit.

41F—Extract from the Register of liabilities.

(*b*) Forms 32A to E, and 32J to N, which are used for exhibiting the transactions under Remittances, are replaced by the revised forms 32A and 32B which will be used both for debits and credits.

(*c*) The most important of the remaining forms, *viz.*, the forms for the cash and stock abstract books, for the cash and stock accounts current and for the schedule of expenditure, are all considerably simplified.

4. Some of the changes are rendered necessary directly by the amalgamation. The most important of these changes are (1) the alterations in the heads of account in the Account Current, *e.g.*, the substitution of the head T. Remittances for the various heads like 'Transfers Divisional,' etc., in the old account current, and (2) the introduction of form 32B (revised) in which are to be entered under the final heads of account, the transactions hitherto recorded under Remittance heads. As a result of these changes the Account Current is much simpler than before as a comparison of the number of headings in the two forms will show. Changes due to amalgamation.

5. Some changes are suggested in order to obtain greater audit efficiency by the substitution of local for central audit as in the case of the half-yearly Stock Registers and the yearly Tools and Plant returns. The check applied Local Audit.

to them can be applied more effectively locally and this procedure also has the advantage that objections can be settled quickly on the spot. It is proposed therefore to transfer these items of work to local audit.

Contractor's Ledgers

6. There has been considerable discussion as to the desirability of the complete local audit of contractors' ledgers. Until the amalgamation these accounts were audited in the Central Office. It was seen that the transactions recorded in the bills sent to the Audit Office were correctly posted in the ledger accounts, copies of which were sent to the Audit Office every month. This check is complete so far as cash transactions are concerned. As regards stock transactions, however, the check is not complete as the value of stock issued to works is debited in the accounts direct to the work, whether it has been issued to the work direct or to the contractor, so that audit is not in a position to check whether stock issued to a contractor is debited to him in the ledger. In some provinces receipts taken from contractor for stores issued are sent to the Audit Office, but the Audit Office cannot detect the non-submission of any such receipts as it does not know whether stock issued to work is given to a contractor or not.

Errors are however detected in the Audit Office in checking the vouchers with the ledger accounts: and the following figures roughly indicate the value of the check so applied —

Province.	Amount passed through ledger account.	Amount placed under objection.
	Rs.	Rs.
United Provinces	69,65,815	1,65,564
Punjab	1,70,94,680	1,68,387

7. Since the amalgamation, however, these accounts in some provinces have been audited locally during the inspection of Executive Engineers' offices. The check as regards the cash transactions is applied to the original vouchers taken from the Audit Office for one month and to the copies of vouchers kept in the Executive Engineer's office for the other months. Stock transactions on the other hand can be audited more statisfactorily at local inspections than in the Central Office.

8. I am of opinion that the original system of a central monthly audit of cash transactions supplemented by an annual test audit of stock tran sactions at local inspections is the most efficient.

9. Monthly central audit, however, imposes heavy work on the Executive Engineer's office in the copying of the contractors' ledgers which are voluminous documents, and it was because it was thought that the extra efficiency of audit thereby obtained was not worth the heavy labour involved that local audit alone was introduced.

10. Under a system of local audit, however, it might be possible for serious inaccuracies in the preparation of the contractors' ledgers to remain unsus pected for a whole year, and for such inaccuracies to have led to erroneous payments to contractors in consequence. I am assured, however, that Government have not been involved in any serious loss on this account in those provinces in which local audit has been introduced.

11. On the other hand the value of the local audit whether by itself or supplementary to central audit must be recognised. A striking case occurred recently. It was recognised that the accounts of one division were in great confusion, and an Accounts Officer was sent to investigate them. He found he had to recast the whole of the contractors' ledgers with a gain to Government of over Rs. 4,000 even although those ledgers had been received in the central audit office and audited there. It is possible that the central audit showed that they were being badly prepared but the recovery of Rs. 4,000 could not have been obtained without the local audit.

12. The entire abolition of central audit is recommended to save labour in the office of the Executive Engineer, and I am prepared to accept such a system as on the whole satisfactory from the audit point of view

If, however, the Executive still desire to retain the central audit as well I am prepared to agree. But if the present system be retained I emphasise the need for a more detailed local audit of stock transactions than at present.

13. Some of the other changes are due to the abolition of letters of credit. The system at present in force is as follows :— Letter of credit.

The Executive Engineer sends an application in Public Works Department form 41 D by the 10th of every month to the Audit Office asking for credit on certain treasuries up to specified amounts during the next month. The Audit Office checks the figures in the application and after making sure that the grant of the division will not be exceeded by the credit applied for sanctions the credit and communicates the amounts to the treasuries concerned.

Such a procedure is not usually considered necessary with regard to the other departments, *e.g.*, the Accountant General does not intimate to the Treasury Officer up to what extent a Collector or a Deputy Commissioner can cash bills during a month. The usually accepted principle in such cases is that the primary responsibility for seeing that the grant is not exceeded rests with the spending officer and that the function of audit is only to bring to the notice of the authorities concerned any excess of expenditure up to date over the proportionate Budget allotment or to ask for sanction, if the grant has been exceeded. It does not seem to be necessary therefore that in the Public Works Dapartment, the Audit Office should exercise an additional control by informing the Treasury Officer how much credit can be allowed to the Executive Engineer each month. By the abolition of the system of letters of credit the following saving of work will be affected in the divisional offices :—

(1) Preparation of application for letters of credit in P. W. D. form No. 41 D.

(2) Preparation of extracts from the register of liabilities P. W. form No. 41 F in certain months of the year.

(3) Maintenance of a separate running account for letters of credit in the cash book—in which the credits are posted in the Receipt side and a balance is struck every month.

(4) The work involved in striking a balance in the counterfoil of the cheque book every time a cheque is drawn.

(5) All the work involved in reconciling the treasury and cash book balances of the letter of credit in forms 20 A and 20 B.

But the most substantial reduction of work will result in the Audit Office, where the following forms are at present kept up in connection with these letters of credit and the preparation of Form No. 53 which is compiled from the applications for letters of credit.

(1) Divisional Budget Register—Part II of P. W. D. form No. 46. This contains about 70 columns.

(2) Abstract of forms 41 D and F—P. W. D. form 51. This contains more than 25 columns on the receipt side and more than 35 on the expenditure side.

(3) Forms 52 A and 52 B and

(4) Form 53.

1 and 3 are rendered unnecessary if the letters of credit are abolished.

2 and 4. These are compiled from the applications for letters of credit, and form 53—a statement showing the grant and expenditure—is sent to the Local Government every month. A separate return relating to the Imperial portion of the expenditure used to be sent to the Government of India and the question of the necessity for this return was taken up by Accountant General, Bengal, soon after the amalgamation in 1911, and it was decided after some discussion between the P. W. D., the Finance Department, and the Comptroller General that the return was unnecessary and that it would be quite sufficient for purposes of control by Government if the Pubilc Works figures

of the six monthly estimats and of the first, second and third editions of the Budget were furnished to Government. After this the Bengal Government also agreed that it would be sufficient to have similar figures for Provincial expenditure. It is considered that the same procedure may be followed in all the provinces.

The abolition of the system of letters of credit will thus lead to reduction of work both in the offices of Executive Engineers and the Audit Offices.

Other changes.

14. The rest of the changes are all suggested with a view to reduce work in Executive Engineers' offices and thus to enable them to submit their accounts to the Audit Office earlier than at present. The most important of these changes is the earlier closing of the sub-divisional accounts by which they can be sent to the divisional office about a week before the date on which they are sent now.

Changes due to Audit requirements.

15. There are two ways in which audit requirements necessitate a revision of the former system of accounts :—

(*a*) the substitution of the civil forms of salary and establishment bills,

(*b*) the payment of such bills and travelling allowance bills at the treasury and sub-treasury.

Civil forms and Sectional audit.

In the case of (*a*) there is the further argument that it renders possible economies in the Audit Office especially in respect of supervising establishment. In the old Public Works Accounts offices there were three or four separate establishment sections with as many Accountants in charge. If the old system of audit were retained these would have to remain as separate audit sections in the Accountant General's office with the same number of clerks and accountants. With the introduction of civil forms it has been possible to audit the salary bills of gazetted officers in the Gazetted Audit Department, the establishment bills of certain establishments in the Treasury Audit Department and of others in the Special Audit Department. The necessary increase in the supervising staff of these departments of the Accountant General's offices has been much smaller than the original supervising staff which came over from the Examiner's offices.

Again the system of sectional audit necessitates the employment of fewer auditors than were required under the old nominal audit system.

There will practically be no change either in the form of travelling allowance bills or in their audit. The Government of India have already agreed to the revision of C. A. C. form No. 2—the travelling allowance bill form for gazetted officers—on the lines suggested by me so as to meet the requirements of the Public Works Department. The new form for the travelling allowance bills of non-gazetted officers proposed in paragraph 78, Chapter III, is similarly intended to meet the requirements of the Public Works Department

There have been actual savings due to the amalgamation amounting to over Rs. 75,000 a year in Bengal, United Provinces, Punjab, Central Provinces and Burma where revised scales have been (or are being) definitely introduced. In Madras and Bombay there have been savings not so easily determinable which have been utilised to meet demands for increased establishments on the civil side. In Bombay the question will probably be definitely looked into shortly, and in Madras a demand made in 1910 for an increase of 21 men has been held in abeyance.

I am satisfied, too, that the change of system has rendered audit more efficient.

16. This system has been in force in the different provinces for periods ranging from one to three years. The only complaint urged so far against it is that it has led to an increase in the number of bills to be prepared by Executive Engineers. The increase in the number of bills does not really cause a proportionate increase in the work involved, as the number of items to be included in them is the same and the complaint really is against the increase in the number of signatures required from the Executive Engineer as has been plainly stated in several instances.

This increase in the number of bills is to some extent inevitable as owing to the rearrangement of work in the Audit Office separate bills are necessary

for different classes of establishments. But the main difficulty in this case seems to arise from the number of arrear bills that have to be prepared owing to the operation of the rule that undisbursed pay should be refunded in the next month's bill. In Irrigation Divisions in which establishments are scattered over long distances, *e.g.*, along a canal, it seems to be impossible to get the payments made before the close of the month and the necessity for frequent supplementary bills seems to arise. To avoid this difficulty it is proposed that the rule regarding refund of undisbursed pay should be modified so as to allow undisbursed pay to be kept unrefunded for two months. With this change in the rule it is expected that the number of bills will be very much reduced.

17. The system of treasury payments is recommended primarily on the ground that it is incorrect in principle for officers to pay themselves and their establishments and that it is much easier to enforce audit retrenchments if the payments are made by Treasury Officers who are under the orders of the Accountant General and are bound to recover over-payments notified by the Audit Office. Treasury payment.

The following are a few instances showing how difficult it is for the Audit Office to effect recoveries when the Executive Engineer is free to issue a cheque and pay himself or his subordinate :—

(1) In the salary bill of March 1908—paid in April 1908—a Royal Engineer officer in United Provinces over-paid himself to the extent of Rs. 2,015-10-0 owing to a miscalculation on his part of allowances due to ante-dated promotion. The mistake in calculation was pointed out to him by the audit office, but the Engineer went on drawing the excess allowance until October 1908, when the overpayments amounted to Rs. 3,260-13-8. The error was then admitted by him but the amount was not refunded until he went away on leave in February 1909. The overpayments had to be reported to the Secretary of State before recovery could be effected.

(2) In the objection statement of 24th August 1912, issued by Accountant General, Punjab, to the Executive Engineer, 2nd Division, Upper Bari Doab Canal, a recovery of Rs. 0-14-11 was ordered on the ground that the scale of Berkandazes had been exceeded. This was received back on 10th September 1912, with the remark that the S. D. O. had been requested to make the recovery. A review was sent on 10th October 1912, asking if recovery had been effected and reminders were issued on 5th November 1912, 25th November 1912, 7th December 1912, 21st January 1913, 13th February 1913, 8th March 1913, and 25th April 1913. The review was received back on 7th May 1913, asking for a copy of the original objection. A copy was sent on 4th June 1913 and reminders were issued on 5th July 1913 and 25th July 1913 and a reply was received on 5th August 1913 to the effect that the scale had not been exceeded. A letter was issued on 13th August 1913 and a reply was received on 22nd August 1913 to the effect that the Executive Engineer, 3rd Division, had been reminded to make recovery (the Berkandaz having been transferred). A letter was issued on 2nd October 1913 and a reminder on 5th November 1913. A reply was received on the 7th November 1913 stating that the scale had not been exceeded in the sense that too many Barkandazes had been employed but that one man had been paid twice and that Rs. 7 was due for recovery and had been recovered. The recovery was credited in the accounts for october 1913, *i.e.*, a year and 2 months after the objection issued.

(3) A sum of Rs. 4-8 representing travelling allowance was ordered to be recovered in an Objection Statement dated 10th June 1913 issued by Accountant General, Punjab. A reminder issued on 30th June 1913, and the Objection Statement was received back on 6th August 1913, with a request that the trave ling allowance bill might be forwarded. The Executive Engineer was referred to the office copy of the bill and after another reminder had issued he wrote on 10th October 1913, asking for the original Objection Statement. This was sent on 27th October 1913 and the recovery was eventually effected in December 1913.

18. But this is not the only advantage of the system of treasury payments. Owing to the amalgamation it is a distinct advantage to the combined account office and conduces to economy to have the Public Works bills also received

through treasury officers and dealt with in the same way as the bills of other Departments are, so far as this can be done without loss of efficiency in any respect.

19. Further the system of treasury payments of salary and travelling allowances bills actually leads to a large reduction of work in the Executive Engineer's offices and thus helps them to send their accounts sooner. The real saving of work lies in the Executive Engineers not having to include in their accounts the payments on account of salaries or travelling allowance. Under the old system, for every payment, an entry had to be made in the divisional or sub-divisional cash book and in the case of sub-divisional payments the entries had again to be transcribed in the copy of the cash book sent to the divisional office. The items had all then to be abstracted in the Cash Abstract book and finally a Schedule in form 33 C had to be prepared classifying the payments under the different heads. All this work the divisional office will be saved under the new system.

20. The chief complaint made against this system is delay in payment. It is urged that it was much easier for the Executive Engineer to issue a cheque or pay from his cash chest, than to present a bill at the treasury and get cash or perhaps cash orders and Remittance Transfer Receipts and have these again sent on to the persons concerned for encashment.

With regard to this question of delay there is some misapprehension. Even under the old system, a bill had to be prepared and a cheque drawn and sent to the treasury before money could be obtained for payment Under the new system the bill itself has to be sent to the treasury for obtaining cash. The real difference seems to lie in the fact that the Executive Engineer or Sub-Divisional Officer can pay a bill under the existing system from the cash balance while under the new system the bill has to be sent to the treasury officer and cash obtained before the payment can be made. But even under the old system cash had to be obtained at least once a month from the treasury by means of a cheque and if under the new system the first bill is made complete by all the claims being included in it, sufficient cash can be obtained from the treasury for the payment of all the claims that will arise during the month.

In cases in which payments have been till now made from the revenue collections, the same procedure will be followed in the future. Other safeguards to prevent delays in special cases have also been provided for in paragraph 73.

No attempt now made to deal with objectionable expenditure on works.

21. The revision now suggested arises solely from the amalgamation of the two Account Departments. They do not attempt to lessen the large objectionable expenditure on works. The manner in which that reform can be effected is still under discussion. I venture to think that administrative action is required rather than a modification of accounts procedure.

S. G. P. I., Delhi—No. 72 C. G.—21-7-15—600.

A memorandum of changes introduced in the system of Public Works Accounts in each Province.

BENGAL.

In November 1910, the Budget, Fund, Pension, Pay and Routine Sections were amalgamated and the Gazetted officers' audit transferred to Gazetted Audit Department.

From 1st December 1910, the civil forms of salary and Travelling allowance bills were introduced together with sectional audit.

From 1st April 1911 Treasury payments for salary, Travelling allowance and Contingent payments were started and several changes introduced in the works accounts which began to be received by the 10th of the next month and were incorporated in the civil accounts of the same month.

The following are the changes in works accounts :—

1. *Earlier closing* (in Divisional office)—

   (1) Sub-divisional accounts were closed a few days before the end of each month.

   (2) Divisional adjustment book (previously remaining open till 10th) closed on 30th.

2. *Transfer to local audit*—

   (1) Rent returns.

   (2) Contractors' ledger.

   (3) Half-yearly Stock Register and Yearly Register of Tools and Plant (including monthly Tools and Plant return).

   (4) Stock accounts (only a schedule docket being received every month neither account current nor 32-Q).

3. *Transfer of Compilation to Central Office*—

   (1) Abolition of Cash Abstract Book and Cash account current (a memorandum being substituted for the latter).

   (2) 32-O. abolished, the schedule docket being amplified to give additional information.

4. *Reduction of work*—

   (1) Cash portion of Cash balance statement abolished.

   (2) Letters of credit abolished.

   (3) A single schedule substituted for all remittance transactions in place of several.

   (4) Schedule of London Accounts (or Expenditure in England) and of Invoices abolished—the Divisional offices simply crediting Remittances by debit to London Stores on receipt of intimation from audit.

   (5) 'Sales' schedule abolished by having items transferred to 'Advances,'

   (6) 'Purchases' schedule modified slightly.

5. *Expediting Audit*—

Two lists of payments with vouchers so that they may be audited sooner, with schedule dockets for each work.

CENTRAL PROVINCES.

By 1st April 1911, all sections doing similar work were amalgamated and the civil system of audit for Establishment and Travelling allowance was introduced.

On 1st April 1912, Treasary payments for salary, Travelling allowance and Contingencies were introduced and some changes made in the works accounts which were thereby received in the audit office by the 10th of the next month and included in the Civil Accounts of the same month.

These changes are—

1. *Earlier closing*—

(1) Close Sub-Divisional Officers' accounts on 25th.

(2) Close Divisional Adjustment Book on 30th.

2. *Transfer to local audit*—

(1) Rent returns.

(2) Monthly return of Tools and Plant, yearly return of Tools and Plant and half-yearly stock Registers.

(3) Works establishment vouchers for less than Rs. 50, as Executive Engineers can sanction men up to Rs. 50.

3. *Reduction of work* (Divisions)—

(1) Cash portion of cash balance statement omitted.

(2) Stock account current discontinued (balance and sanctioned limit being shown in 32-Q.)

(3) Accounts sales discontinued.

(4) Single schedule of Remittances introduced in place of several.

(5) 32-O.—Columns 12 to 14 not filled in each month.

(6) London invoices abolished, items being passed direct to London Stores from London Account.

(7) Sales abolished, being included under Advances.

(8) For all other items under suspense, instead of monthly schedules monthly dockets for debits and quarterly lists of outstandings are introduced.

UNITED PROVINCES.

In January 1911, sections doing similar work were amalgamated.

In May 1911, Civil system of Establishment audit was introduced.

In October 1912, Treasury payments for salary, Travelling allowance and Contingencies were introduced and from April 1913 some changes were made in the works accounts so that they may be included in the civil accounts of the same month.

These changes are—

1. *Earlier closing*—

(1) Sub-Divisional accounts close on 25th.

(2) Divisional Adjustment Book close on 30th.

2. *Reduction of work* (Divisions)—

(1) Cash portion of Cash Balance statement omitted.

(2) Schedule dockets abolished, vouchers being sent with commencing and ending Nos. only noted in a list to the audit office.

(3) 32-O. modified to show details by vouchers some items of information being however omitted and definite standing Nos. being given for each work.

(4) Remittance schedules substituted by a single schedule.

(5) Cash abstract book modified with a lesser No. of heads—also Stock Abstract Book.

(6) Two accounts current made into one.

(7) Suspense Register introduced in Divisional offices instead of office copies.

(8) Schedule of debits to stock (32-Q.) abolished, a simple docket taking its place, 32-O being used if manufactures exist.

3. *Expediting audit*—

Two lists (item 2 above) being received.

BOMBAY.

By 1st May 1911, all the similar sections of the two offices had been amalgamated and sectional audit with Civil forms had been introduced for salary and Travelling allowance payments.

The Local Government refused to agree to the salary, Travelling allowance and Contingent bills being paid direct at Treasuries, but they agreed to some changes in the works accounts with a view to transfer a large portion of the Compilation work to the Central Office.

The changes are—

(1) *Earlier Closing*—

(1) Closing Sub-Divisional Cash Books about the 25th.

(2) Closing Divisional Adjustment Books by the 1st.

(2) *Transfer of compilation to Central Office*—

(1) Abolition of Cash Account Current and cash abstract book (a memorandum being substituted for the former).

(2) Abolition of 32-O. schedule dockets being amplified to show total expenditure for the year and the amounts of sanctioned estimate and allotment, and lists of payments being introduced to classify the schedule dockets under each major and fund head.

(3) *Transfer of work to local audit*—

(1) Stock and Tools and Plant accounts.

(2) Contractors' ledger.

(3) Rent schedules.

(4) *Expediting audit*—

Two lists of payments with schedule dockets.

Bihar and Orissa.

The Bengal procedure is being followed generally but the submission of he schedule of Stock Purchases and the rent returns to the Audit office has ›een reintroduced. The objections also issue in the old form of Objectionable tems Statement (P. W. D. Form No. 62) and not in the audit notes as in 3engal.

Madras.

All the sections of the offices which do the same work have been amalgamated except the Routine Sections which could not be combined owing to want of accommodation. On 1st May 1911, the Civil forms and sectional audit for Establishment and Travelling allowance charges were introduced and on 1st October 1911, Treasury payments for salary, Travelling allowance and Contingent charges were started.

Punjab.

Similar sections of the office amalgamated and the Civil forms and sectional audit for the Public Works Establishment payments introduced.

Burma.

By the beginning of 1911-12, similar sections of the offices had been amalgamated and by June 1911, Civil forms and sectional audit for Establishment and Travelling allowance had been introduced.

On 1st November 1912, Treasury payments for salaries and Travelling allowances were introduced.

Assam.

Similar sections amalgamated and Civil forms for Establishment and Travelling allowance and sectional audit (exact details are not available) introduced by 1st April 1911.

Changes made as in United Provinces, the difference being that Treasury payments are not made and that letters of credit have been abolished.

302FinD—70C—3-8-14—CC

DESCRIPTION OF REVISED SYSTEM OF ACCOUNT.

(Note.—The references in the margin are to corresponding rules in the Public Works Code if any.)

CHAPTER I.—WORKS ACCOUNTS.

(*i*) *Sub-Divisional Accounts.*

1. The Sub-Divisional cash and stock accounts will, except in March, be closed each month on that date between the 20th and the 25th which is fixed by the Accountant-General, the subsequent transactions being included in the accounts of the next month. The date of closing of the accounts of each sub-division will be fixed with reference to the time spent in their transmission to the head-quarters of the division, and the date on which the accounts of the division are required in the office of the Accountant-General.

2. Sub-Divisional officers must endeavour to incur as far as possible all their expenditure before the month's accounts are closed, so that the accounts of a month may represent as nearly as possible the transactions which actually took place during the month.

3. Copies of the sub-divisional cash book will continue to be sent to the divisional office as at present, *i. e.*, generally twice a month. The first copy of the cash book, will be for the period between the date in the previous month succeeding that on which the accounts for that month were closed and the tenth of the current month, while the second will be for the rest of the month 1103
up to the date on which the sub-divisional accounts are closed. The copies of the cash book will be despatched (along with vouchers), to the divisional office within a day of the date of closing. The other sub-divisional accounts, *viz*, the works abstracts, the stock accounts, etc., will be despatched within 1105
2 days of the date on which the month's accounts are closed.

4. To facilitate the prompt despatch of the accounts as indicated above, it will be necessary for the sub-divisional office to undertake their preparation concurrently with the transactions as they take place.

Thus the entries in the sub-divisional cash book, in the copy of the cash book, and in the works abstracts should be made simultaneously. The receipts and issues of stock will also be posted into Form No. 9 as the stores are received or issued, so that the only work that will be left over for the close of the month will be the totalling of the returns and the posting of the abstracts in Form 9 into Forms 10 and 11. If this procedure be adopted the sub-divisional accounts should be ready for despatch to the divisional office within a day or two after the accounts are closed.

5. In the month of March, however, the accounts will be kept open until the 31st and the dates on which the sub-divisional accounts are due in the divisional office will be correspondingly advanced. To obviate delay, however, as far as possible in the preparation of the divisional accounts, copies of the sub-divisional accounts up to date should be sent on the usual dates and a supplementary copy sent of all accounts between the usual date of closing and the 31st.

6. As all payments on account of salaries and travelling allowances are made direct by treasuries or sub-treasuries on the presentation of bills, these transactions will not appear in the sub-divisional cash accounts.

7. Though letters of credit are to be abolished there is no objection to an Executive Engineer intimating to the Sub-Divisional Officers and to the Treasury Officer, the amounts up to which any Sub-Divisional Officer can issue cheques during a month if he considers such action necessary for the maintenance of efficient control. If this course be adopted, no cheque should be issued by the Sub-Divisional Officer so as to exceed this limit and the Treasury Officer (or Sub-Treasury Officer) will not cash any cheques so issued. The 1139
Sub-Divisional Officer will enter the amount in the counterfoil of his cheque books and will watch that it is not exceeded by deducting from it the amount of each cheque in the same way as he now does with the letter of credit distributed by the Executive Engineer. He will not, however, enter the amount as a receipt in his cash book and carry forward the undrawn balance to the next month's account.

8. The cash book will thus have only one columu on the receipt side though on the charge side, the cheques will continue to be shown separately as at present. 972

9. Except to the extent indicated above the accounts work in the sub-divisional offices will continue as at present.

(ii) Divisional Accounts.

General

10. The system of treasury payments for salaries and travelling allowances leads to reduction of work in the divisional offices as is pointed out elsewhere. The other changes described in this chapter also lead to reduction of work. With the aid of these reductions and with the earlier closing of the sub-divisional accounts the Executive Engineers will be able to send their monthly accounts to the Audit Office so as to reach it between the seventh and the tenth of the following month. The actual date for each division will be fixed by the Accountant-General in consultation with the Executive Engineer, and then the Accountant-General in consultation with the Executive Engineer will fix the date of submission of the monthly accounts from each sub-division to the division, which shall be the latest date which will admit of the submission of the divisional accounts on the date fixed.

11. The early despatch of the accounts will be very much facilitated if in the Divisional as in the sub-divisional office, as much as possible of the work of compilation is done during the course of the month. In this connection attention is invited to note 4 on Public Works Department Form No 26. This rule, which is not always followed now, should be rigorously observed in future.

12. In the case of sub-divisional offices situated at the head-quarters of the division, the work of posting the cash abstract book can proceed concurrently with the transactions, and in the case of other sub-divisions the work should be started as soon as the copies of the cash book are received. The vouchers accompanying the first copy of the cash book should be checked as soon as they are received, and as much as possible of the preparation of the monthly schedules proceeded with before the sub-divisional accounts are received.

Letters of credit.

13. Letters of credit will be abolished and it will not therefore be necessary for Executive Engineers to send in applications monthly to the audit office in Form 41-D. The changes in the other forms rendered necessary by this alteration are described under each of the forms discussed below. 1131

If the Executive Engineer considers it necessary to set a limit on the drawings of his Sub-Divisional Officers he can as at present get an estimate of the probable requirements from them and, after checking the estimate, intimate to the Treasury Officer the maximum that can be drawn by any Sub-Divisional Officer in the same way as he distributes his letters of credit now among his Sub-Divisional Officers. These amounts need not, however, be treated as letters of credit and the undrawn balance carried forward from month to month. At present Sub-Divisional Officers have to intimate to Executive Engineers their requirements for a month at the commencement of the previous month. When the Executive Engineers themselves fix the limit it will be possible for Sub-Divisional Officers to intimate their requirements late in the month when the latter will be in a position to estimate them with reasonable accuracy.

Cash and Adjustment Books.

14. The divisional cash book, the number of entries in which under the treasury payments system will be considerably reduced, will be closed on the last day of the month as at present. The adjustment book, which at present is kept open until about the 10th or even later with a view to include in the month's accounts all the transactions relating to it, will also be closed on the last day of the month. Any adjustments, intimations regarding which are received after that date, will be included in the accounts of the next month. Care should be taken, however, to include in the adjustment book the entries regarding credits to Remittances for cheques issued, and all the write back orders included in the works abstracts by the Sub-Divisional Officers. 1311

As pointed out under the Sub-Divisional Officers' accounts the cash book will not contain a column for treasury transactions on the Receipts side.

15. Cash Balance Statement and Treasuary Balance Certificate (Public Works Department Forms 20 A and B). Forms 20 A and B.

A large part of these returns is rendered unnecessary by the abolition of letters of credit.

The details of the cash balances are also unnecessary. It will be sufficient if the Executive Engineer signs the certificate regarding cash balance provided in the revised form of the Account—Current.

The memorandum of cheques issued and of unpaid cheques will be given in the revised Form 20-B. The entries to be made in the form are self-evident and require no explanation. Form 20-A will be abolished.

16. The Account Current will in future be called the Monthly Account and will be prepared in the revised Form No 27. Monthly Account.

The main difference between the old and new forms is that the number of heads in the new forms is considerably less than in the old one. This is chiefly due to the system of treasury payments which results in a large reduction in the number of Remittance transactions till now adjusted in the divisional accounts. It is therefore considered sufficient to include all the Remittance transactions (except those entered in Schedules 32 F. and F_1) in one schedule and show them under one head in the monthly account.

17. This schedule will be prepared in the new Form 32-A. Separate forms will be used for credits and debits, and the totals of 'cheques issued' and 'payments into treasuries' entered in the credit and debit schedules respectively, in lump sums at the end of the entries under Public Works Remittances At the beginning of the month separate sheets will be opened for the different heads which occur in this schedule, such as—Divisional transfers, Public Works Remittances, Account between civil and civil; Account between civil and military, etc. As the transactions become known they will he entered in the respective pages and the schedules will thus be almost complete when the accounts are closed. Remittance schedule.

18. Similarly, miscellaneous transactions like the following which cannot be recorded in any other schedule will be included in the revised Form 32-B., and the total debit and credit will be entered as single entries in the monthly account:— Miscellaneous items.

Recoveries on account of Income Tax from works establishments.

Percentage charges on English Stores.

Cemetery endowment receipts and expenditure.

Instructions for the preparation of the schedule are printed on the form.

19. One effect of the grouping together of the heads described in paragraphs 7 and 9 above is that the number of columns in the Cash Abstract Book is considerably reduced. A sample form with the redundant heads omitted is enclosed. It will be observed that the number of columns is reduced by nearly half. Cash Abstract Book.

The same remarks apply to the Stock Abstract Book. Stock Abstract Book.

20. The Stock Account Current will in future be called the 'Stock Account' and will be prepared in revised Form No. 29. It will be observed from the form that the details of receipts, issues and balances, by sub-heads of stock account now given in Form 29 are no longer necessary. In lieu of these, the details for only 2 of the sub-heads, *viz.*, manufacture and lands and kilns, will be given, the totals for all the other sub-heads being given in lump. Monthly Stock Account.

21. The debits to stock detailed in Form 29 are again repeated in this schedule This is obviously unnecessary, and this schedule will be restricted in future to a record of the transactions under Manufacture. The form has been altered on the lines of the new Form 32-O, and the manufacture transactions will be recorded in it exactly as they are at present. This schedule will not be prepared if there are no manufacture transactions in a month. 32 O.=Schedule of debits to stock.

22. Direct cash expenditure on stock will be taken into the stock account straight from the schedule docket.

32-O.—Schedule of Expenditure against Grant.

23. There is no intention of altering this form. But the entries in many of the columns contain information which is not necessary for audit purposes. The copy then to be sent to audit will be in the revised form 32-O_1 (copy attached).

It will be seen that every entry in this form can be made direct from 32-O. Inasmuch as the revised Form 32-O^1 contains all the information required by audit it is open to the Executive to revise or cancel any column in Form 32-O, not required for the preparation of form 32-O_1. Schedule 32-O will be prepared by posting in it the totals from the works abstracts or schedule dockets, and it is not absolutely necessary as at present to have the Registers of works posted up before the schedules are prepared. This relaxation is allowed with a view to enable the Executive Engineers to send their accounts to the Audit Office in time but it will be their duty to see that the Registers are completed as soon after the accounts are sent as possible.

Schedule docket.

24. A sample form is enclosed. It will be observed that separate figures are not required for the different classes of expenditure for which vouchers are not required to be submitted to the Audit Office. The details of classification—the service, departmental and sub-heads—need not be given in any greater detail than is necessary, in conjunction with the name of the work to ensure the proper identification of the work in the Audit Office.

Revenue Schedule.

25. There will be no change in the forms of the Revenue Schedules, but there is no objection to the transactions now included in different schedules, being included in the same schedule, so long as separate totals for the month and up to date are given for each head and project as at present.

Stock sales.

26. As the transactions under ' Sales ' are not numerous, it is not considered necessary to have a separate account and a separate schedule for these transactions. They will be included under 'Miscellaneous Advances,' Form 32-P_{11} will therefore be abolished.

London Invoices.

This head is at present debited with the cost of stores purchased in England and credited with the amounts of the invoices received it is unnecessary to make this adjustment and it is sufficient to debit the cost of stores direct to ' London Stores ' which is credited when the stores are actually received.

This suspense head with the corresponding schedule 32-S will be abolished.

Suspense Schedules.

27. As the balances under these heads are carried forward from month to month, the particulars of the items have to be copied in the schedules sent to the Audit Office until the items are adjusted. The maintenance of an office copy involves much clerical labour, specially in divisions where the transactions are numerous. The system of keeping office copies of these schedules will therefore be discontinued and a register in Public Works Department Form No. 30-C will be kept instead. This register will have the additional advantage of enabling the Executive Engineers and the Inspecting Officers to review more easily the progress made in clearing the old outstandings. A new register will be opened for each year and in opening it a sufficient number of pages will be allotted for transactions under each sub-head. A page will also be opened at the commencement for an abstract of the transactions by sub-heads.

The transactions under each suh-bead will be numbered in a series and this number will be quoted in the first column of the schedule sent to the audit office.

Rent Rolls Form 44-B.

28. This form gives details which are not necessary for the Treasury Officer. A simplified form has therefore been prepared wich will be used instead.

The monthly audit of rents in the Audit Office will be continued, and schedules in Form 32-Y will continue to be sent every month.

29. The half-yearly Stock Registers and the yearly returns of Tools and Plant will not be sent to the Audit office in future. They will be audited at the time of the annual inspection. Stock and Tools and Plant Returns.

30. The procedure hitherto adopted has been to deduct the expenditure in lump in the Account Current, though the net figures were also worked out in the Schedules of Expenditure against Grant. In future the figures against major heads in the 'Monthly Account,' will be the net figures, taken from the Schedules of Expenditure. Expenditure in England.

31. These charges will be adjusted as at present in the Schedules of Expenditure against Grant, and the accounts of Executive Engineers will then contain only these adjustment entries, while the actual payments will appear in the treasury accounts. Percentage charges on account of Establishment.

32. At the commencement of each month each Executive Engineer will prepare a Resource Estimate and send it to the Accountant General. Instructions regarding the preparation of the return are printed on the form. Resource Estimate

33. Executive Engineers need not in future sign all the schedules accompanying the monthly accounts—it will be sufficient if they sign the 'Monthly Account'—revised Form 27. It is, however, to be understood that their responsibility in connection with audit requirements is in no way lessened, and the certificate in Form 31-B will continue to be sent as at present in case the Monthly Account is not signed by the Executive Engineer. General.'

(*iii*) *Audit Office*

34. The accounts of the Executive Engineers will be received in the Audit office between the seventh and the tenth of the following month. They will be audited and the accounts and schedules handed over for compilation between the 24th and 27th of the same month. This leaves a little over half a month for audit proper, and, as this period will be just sufficient for audit, it will be necessary for Works Audit Section during that period to attend solely to audit and to take up other items of work only when they are urgent and require immediate disposal.

35. The portion of the Sub-Register containing details by works will be made into a separate register called the 'Audit Register.' Into this register all the sanctions for estimates and appropriations will be posted as they are received and scrutinized. As soon as the monthly accounts are received, the expenditure on works will be posted into these registers, and all audit against estimates and appropriations conducted therein. As soon as this audit is finished and all the other portions of the accounts are checked, the monthly accounts and the Schedules of Expenditure against Grant and of remittances and other miscellaneous heads will be handed over to the Compilation Branch.

36. In the Compilation Section, one set of detail books will be kept showing the expenditure by major service, and departmental heads—and the present registers in Public Works forms 72 and 73 will be discontinued. This detail book will be posted from the divisional monthly accounts and from the schedules—the expenditure on the service and departmental heads being obtained from the abstracts in 32-O. The totals will be carried into the consolidated abstract and the figures will thus be brought into the accounts of the province along with the other civil transactions.

37. The summary portion of the Sub-Registers will be kept as a separate volume and it will be posted after the Schedules of Expenditure are received back from the Compilation Section. This summary will be used at the end of the year for preparing the Finance accounts and for compiling any statistics by sub-heads of account that may be required at any time.

38. The other portions of the Sub-Registers which do not serve any useful purpose will be abolished.

39. The results of audit will continue to be communicated to the Executive Engineers in the two forms—one the Audit note, P. W. Form No. 61, and the other Objectionable Items Statement, P. W. Form No. 62.

With regard to the subsequent disposal of the objections attention is invited to Comptroller General's letter No. $\frac{559 \text{ A \& A}}{28-12}$, dated 17th May 1913.

40. Part II of this Register need no longer be prepared as the abolition of letters of credit renders it unnecessary to work out the grant for each Division separately.

Alterations in grant which affect a major head not operated on by the Public Works Department will also be entered in the civil form of Alteration Register.

41. *Forms 51 and 52-A.*—These forms will also be abolished as a result of the abolition of letters of credit.

42. *Form 50.*—A separate return will be discontinued, but the objections, if any, will be taken up in the Divisional Objectionable Items Statement or in separate letters.

43. *Form 53.*—The submission of this form to the Local Government has been discontinued in Bengal and in Bihar and Orissa. The Local Governments of those two Provinces have agreed that their requirements will be satisfied if copies of the P. W. portions of the six-monthly estimates and of the first, second and third editions of the Budget Estimates are sent to them.

A similar procedure will be followed in other Provinces.

(*iv*) *Local Audit.*

44. *Tools and plant.*—The monthly returns will continue to be submitted to the Audit offices. These will be audited monthly and the audited returns will be taken to the Division by the Inspecting Staff, for checking the yearly return which will not be sent to the Audit office.

The supplement to the Tools and Plant return (P. W. D. Form No. 42-E) need not be checked by the Audit office.

45. *Half-yearly Stock Registers.*—These will be checked at inspections. The Inspecting Officer will himself see that adjustments in rates are properly carried out and that satisfactory explanations are given of all large variations in rates.

The report required under P. W. Code, paragraph 1742, will not be required in future.

Chapter II.—Contingencies.

46. Payments debitable to office contingencies will continue to be made by 'cheques' drawn by Executive Engineers as under the old system. The charges will be entered in the Executive Engineer's cash accounts and at the end of the month a consolidated bill be prepared in Public Works Form 24 and sent to the Audit office. It will, however, be unnecessary to enter in the list particulars of the charges except in the case of miscellaneous items which fall under the last sub-head.

47. In the case of the Chief and Superintending Engineers, the system under which contingent expenditure is met from permanent advances may be adopted if Local Governments so desire.

Chapter III—Treasury Payments.

(*i*) *Introductory.*

48. Salaries and travelling allowances will be in future paid by Treasury Officers on the presentation of bills as in the case of the officers of other Civil Departments. The payments will appear in the treasury accounts and will not be included in the accounts of the Executive Engineers. It will also be unnecessary for the Executive Engineers to classify these charges and prepare the schedules of establishment charges. This compilation under the new system will be made in the Audit office.

49. The adjustment of percentage charges will be made, as has been pointed out in the chapter on Works accounts, in the divisional Schedules of Expenditure against Grants.

50. The procedure to be followed in preparing the bills and presenting them at the treasury will be the same as in the case of the other Civil Departments. Detailed rules on this subject are contained in Chapters 3, 4 and 5 of the Civil Account Code. The following is a summary of the more important portions of these rules and of the rules peculiar to the Public Works Department.

(ii) Gazetted Officers.

51. Each gazetted officer will prepare his own salary bill in Civil Account Code Form No. 1 and present it for payment at the treasury or sub-treasury nearest to his headquarters. In the case of officers stationed at the headquarters of Local Governments or Administrations the bills should be presented at the Audit office.

52. Fixed travelling allowances will be drawn in the same bill, and all the particulars regarding fund and other deductions provided for in the forms should be completely filled in before the bill is presented. As the bill itself is stamped and signed, separate acquittances are not necessary.

53. The Audit office intimates to each gazetted officer the rate of salary and allowances admissible to him in a form which is generally called the pay slip, and sends a copy of the slip to the Treasury Officer who has to cash the bill. The Treasury Officer will not pass any amount in excess of what is specified in the pay slip, and the gazetted officer concerned should address the Audit office direct if he considers that the pay slip should be altered.

54. The officers will be at liberty to select the treasury or sub-treasury from which to take payment of their salaries and travelling allowance; but once a selection is made no change will be allowed without the approval of the Accountant General, except in the case of a change from one sub-treasury to another within the same district when the approval of the Treasury Officer will be sufficient.

55. A Chief or a Superintending Engineer while absent on a tour of inspection, or an Executive Engineer, if so permitted by the Superintending Engineer, may draw a part or the whole of his salary from any treasury 1195
within his jurisdiction provided he takes with him a last pay certificate from the treasury where he usually draws his allowances. The last pay certificate should specify what part of the salary is to be drawn elsewhere in case the officer wishes to draw a part at his headquarters and the balance elsewhere. A similar last pay certificate will be required from the last paying treasury every time there is a change in the treasury of payment.

56. If an officer is transferred from the jurisdiction of one treasury to another, a last pay certificate in the form specified in Appendix 3 to Civil Service Regulations should be obtained from the original Treasury Officer and attached to the first bill presented at the new treasury. If the tranfer only involves a change to a sub-treasury in the same district a similar last pay certificate will be taken from the Sub-Treasury Officer and if the transfer is to another province the last pay certificate should be countersigned by the Accountants General of the provinces concerned.

57. Salary up to the date of transfer may be drawn in the old station 1200
before the officer leaves it and obtains a last pay certificate from the Treasury Officer. If, however, this is not done, salary for the whole month will be drawn in the new treasury, the allocation of the charge to the old and new appointments being clearly specified wherever this is necessary.

58. *Leave.*—An officer on leave in India may draw his leave allowances from any treasury in India if he takes with him a last pay certificate from the audit officer of his province, under Article 878, Civil Service Regulations. No last pay certificate will be necessary if there is no change in the

treasury of payment—any change in the allowances will be intimated by the Audit office by means of a pay slip. Before getting the last pay certificate from the Audit office the officer should get a last pay certificate from the Treasuary Officer and send it to the Audit office, and similarly when the officer returns to duty he must get a last pay certificate from the last treasury, countersigned, if the treasury is outside his province, by the Accountant General of the province concerned and send it to the Accountant General of his own province for issuing the necessary orders.

59. Bills whether for salaries or leave allowances will be paid only on the personal claim of the officer concerned and to his personal receipt. The receipts of Banks or Agents will not be accepted unless they hold a power-of attorney from the officer. At the written request of the officer concerned the payments may be made to a well known Banker or Agent, but in the case of leave allowances not drawn personally the officers should attach a life certificate under Article 864, Civil Service Regulations, or the Agents should have signed a bond of indemnity under Article 30, Civil Account Code.

60. Whenever there is a transfer of charge between two gazetted officers, the report required by Article 47, Civil Account Code, should be sent to the Audit office. The report should be sent through the Superintending Engineer concerned whenever the transfer of charge takes time and two officers have to draw pay simultaneously for the same appointment, so that the Superintending Engineer may intimate to the Audit office under paragraphs 1387 to 1389 of the Public Works Code if the relieving officer can be considered as on duty for the period. A separate report in Public Works Department Form No. 146 need not be sent to the Audit office.

61. A separate travelling allowance bill will be drawn by each gazetted officer in Civil Account Code, Form 2, and after it is countersigned by the proper authority it will be presented at the treasury for payment.

62. Advances of salary and travelling allowance admissible under rules will be drawn by the officers concerned from the treasury on a simple receipt which will be countersigned by the Executive Engineer in the case of all officers subordinate to him.

(iii) Non-gazetted officers' salaries.

63. A separate bill in Civil Account Code, Form 6, will be prepared by each Executive Engineer for each of the establishments specified below :—

(1) One for all permanent non-gazetted upper subordinates and accountants who are on a provincial scale;

(2) One for all other permanent establishments in his division;

(3) One for all temporary establishments on a provincial scale, and

(4) One for all other temporary establishments.

64. The bills will then be persented at the district treasury for payment. As, however, the payment to the men may have to be made at different places, the Executive Engineer will send along with the bill a requistion for cash orders for the payment of the subordinates stationed near the sub-treasuries in the same district and for Remittance Transfer Receipts for amounts which may have to be disbursed outside the limits of the district. When the cash cash orders, and Remittance Transfer Receipts are received, the headquarters staff will be paid, their acquittances being taken on the office copy of the bill and the cash orders and Remittance Transfer Receipts will be remitted to the Sub-Divisional Officers concerned together with the separate acquittance rolls showing the amount due to each person.

65. Amounts thus sent may be retained by the Sub-Divisional Officers during the whole of the month and during the greater part of the next month if they cannot be disbursed immediately. Towards the close of the next month and in time for the Divisional office to prepare the bills for that month (*i.e.*,

the second month following that to which the bill, on which the amount was originally drawn, relates) the acquittance rolls should be returned together with a note of any amount still undisbursed. The Divisional Office will deduct this amount in the salary bill next prepared and send to the Sub-Division along with the acquittance roll for that month the total shown in the roll less the amount deducted as indicated above.

To take an example :—

The acquittance rolls for the salary due for January will be sent with the amounts shown in them to the Sub-Divisional Officers in the beginning of February. The payments for January will continue to be made during February and the greater part of March. A few days before the close of March the Sub-Divisional Officers will send back the acquittance rolls for January with a note showing how much is still left undisbursed. This amount will be deducted from the bill for March and the Divisional Office will send to the Sub-Division along with the acquittance roll for March the total due in that roll less the amount undisbursed from the sum drawn and remitted for January.

66. The Executive Engineer or Sub-Divisional Officer will at any time during the course of a month be able to find out the balance left undisbursed by means of his bills and acquittance rolls.

66. The following instructions will be observed in preparing the bills :

Each bill be divided into sections as indicated below, and separate totals will be given in the bills for each section :—

I. Permanent upper subordinates and accountants—

(*a*) Upper subordinates.

(*b*) Accountants.

2. Other Permanent establishments—

(*a*) Lower subordinates who are generally on a circle scale.

(*b*) Draftsmen ditto ditto.

(*c*) Clerks.

(*d*) Petty establishments.

(*e*) Menials.

3. Temporary establishments—

(*a*) Upper subordinates.

(*b*) Lower ditto.

(*c*) Draftsmen.

(*d*) Clerks.

(*e*) Petty establishments.

(*f*) Menials.

67. The names of inferior servants on pay not exceeding Rs. 10 need not be given in the bill if a certificate is endorsed on it by the head of the office to the effect that all such men whose pay has been drawn in the bill have actually been entertained (Civil Account Code, 58). The numbers and rates of pay will however be specified.

68. A complete bill will be prepared for the entire establishment though it may be expected that the claims of some men may not be disbursed before the end of the month. The claims of such men should be deducted in the column provided in the form. When subsequently these men have to be paid, a separate arrear bill for the month will be drawn in which a reference will be given to the bill in which the original amount was withheld. A similar procedure will be followed when amounts not disbursed and refunded have to be paid later on.

Claims not preferred in the original bill will be drawn on a bill marked "supplementary" in which the amount claimed for each month will be shown separately.

69. When a non-gazetted officer is transferred from one division to another, a last pay certificate (in the same form as for gazetted officers) will be prepared by the Executive Engineer and sent on to the Executive Engineer of the new division. This last pay certificate will be attached to the first bill in which the pay of the officer is drawn in the new division. Pay up to the date of relief may be drawn in the old division on a separate bill. In cases in which this is not done the last pay certificate should show the allocation of the charge in the old office so that this might be correctly noted in the bill in the new division.

70. The report referred to in paragraph 60 will also be sent in the case of transfers of charge between upper or lower subordinates.

71. In the case of increments a certificate in Civil Account Code, form 8. will be attached to the bill as per instructions in paragraph 62, Civil Account Code, Volume I.

72. *Absentee Statements.*—The monthly bill will be supported by an absentee statement in Civil Account Code, form 7. This statement will be prepared by the Executive Engineer in the case of divisional scale establishments—unless they are kept in a single list for the circle for purposes of promotion when it may be more convenient to have a consolidated statement prepared by the Superintending Engineer. In the case of circle establishments the Superintending Engineer will prepare the statement and send it to the Audit Office and in the case of provincial establishments the Chief Engineer will do the same. In both these cases it will not be necessary for the divisional office to attach any statements to the bill.

73. If the procedure described above leads to any unusual delay in the payment of establishments in any sub-divisions, there will be no objection to the Sub-Divisional Officers being authorised with the approval of the Accountant-General to present the bills of their own establishments direct at the nearest sub-treasury. In very exceptional cases the following devices will also be adopted to prevent any abnormal delays in payment :—

(1) Treasury officers will be authorised to issue Remittance Transfer Receipts direct on sub-treasuries not situated in their own districts, and

(2) Public Works Officers will be allowed to disburse the salaries out of the revenue collections, adjustment bills being sent on to the treasuries within the end of the month to cover the amounts so drawn.

74. Security deposits will not be deducted from salary bills. They will be recovered in cash when the salaries are disbursed and credited in the cash book of the Executive Engineer.

75. A separate schedule will be prepared in support of the deductions on account of General Provident Fund made in each bill and attached to the bill concerned when it is presented to the Treasury for payment.

76. Each Executive Engineer will send to the Audit Office the annual statement of establishments prescribed in paragraph 55, Civil Account Code, Volume I.

77. Each Chief and Superintending Engineer will also send a similar statement for the establishments in his office. In the case of these Officers, it is left to the Accountants-General and Comptrollers to specify the establishments for whom separate bills are to be prepared and the sections into which the bills are to be divided.

Travelling allowance.

78. *Cases in which journals are to be submitted to audit.*—The subordinates concerned will continue to prepare their claims as at present, but in Civil Account Code, form No. 9 (revised form copy attached), and send them to the divisional office. After these are countersigned by the proper authority, an

abstract showing the totals under each head for each person will be prepared in the same form by the Executive Engineer and presented at the treasury for payment—in cash, cash orders, or Remittance Transfer Receipts in the same way as salary bills are to be presented. The subsequent action will be the same as in the other case.

The original claims of the subordinates will be sent to the audit office either direct by the Executive Engineer or along with the abstract bill through the treasury.

79. *Cases in which journals are not sent to the audit office.*—The procedure as regards preparation of the claims etc., will be the same as in the other case. The difference will be that the journals will not be sent to the audit office, but the following details will be given in the bills themselves:—

Daily Allowance . .	Number of days and rate.
Mileage . . .	Ditto.
Conveyance allowance .	Ditto.
Railway fare . . .	Class and amount.

80. Any special arrangements for avoiding delays in the payment of salaries will apply to travelling allowances also.

(*iv*) *Audit Office.*

81. The bills received from treasuries will be taken up for audit in the Treasury Audit Department of the Accountant-General's office. As a single bill will be received for men on divisional and circle scales, it will be convenient to have the bills audited in a separate group in the Special Audit Department all the Public Works bills being handed over to that group, by the District Auditors, in the same way as the gazetted officer's bills are handed over to the Gazetted Audit Department.

82. The audited bills will be posted by the District Auditor in a separate classified abstract for Public Works establishment charges. In this abstract the charges will be classified in such detail as is necessary for account and budget purposes, *e.g.*, in the case of the Irrigation projects it may be necessary to bring together the establishment charges under each project, and in the case of the Building and Roads Branch it will be sufficient to have charges abstracted only by the sub-heads, Chief Engineers, Superintending Engineers, etc. The degree of detail in which these charges will be posted in the detail books is left to the discretion of the Accountant-General and Comptrollers.

83. The audit will be 'Sectional' as the term is understood in the case of the other civil establishments. The provincial and circle scale establishment will be audited in the same way as similar establishments are in the other Departments.

APPENDIX.

(Containing revised forms with Sample entries wherever necessary.)

P. W. D. Form No. 20B.

Revised.

DIVISION.

MONTH.

Memo. of cheques issued and of uncashed cheques.

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P. W. D. Form No. 27.

Revised.

DIVISION.

MONTH.

Monthly Account.

P. W. D. Form No. 27.

Monthly account of—

Receipts.	Schedule.	Amount. Rs.	A.	P.
XXIX.—Major Works	32G.			
XXX.—Minor Works and Navigation	32H.			
XXXI.—Civil Works—				
Imperial	32G.			
Provincial	32H.			
Miscellaneous heads of Account	32B.	7	13	0
Q.—Deposits and Advances not bearing interest				
Deposits (Civil and P. W.)				
P. W.	32U.			
T.—Remittances—				
Remittances between England and India—				
21.—Stores purchased in England	32F.			
24.—Miscellaneous Receipts	32F.1			
Other Remittances	32A.	9,300	0	0
TOTAL RECEIPTS				
Opening cash balance				
GRAND TOTAL				

-Executive Engineer for the month of—

Charges.	Schedule.	Amount.
xpenditure against final heads		
33.—Famine Relief	32O1.	
35.—Protective Irrigation Works	,,	
42.—Major Works	,,	
43.—Minor Works and Navigation	,,	
Civil Works—	,,	
Imperial	,,	
Provincial	,,	
49.—Irrigation	,,	
Miscellaneous heads of Account	32B.	
—Deposits and advances not bearing interest—		
Deposit (Civil and P. W.)		
P. W.	32U.	
Takavi Advances	32V.	
—Remittances—		
Remittances between England and India		
Miscellaneous payments	32F.	
Other remittances	32A.	
TOTAL CHARGES	...	
Closing cash balance	...	
GRAND TOTAL	...	

P. W. D. Form No. 27.

Memo. of miscellaneous cash receipts paid into Treasury.

BALANCE FROM LAST ACCOUNT			
Receipts during month			
	TOTAL		
PAID AS PER TREASURY RECEIPTS—			
	Treasury		
Balance to be paid as explained below*			

*Explanation.

Certificate of Cash Balance.

Certified that the cash balance in this account agrees with the total of the balances recorded in the several cash balance statements in P. W. D. Form No. 1, that no single officer holds an imprest of more than Rs. 1,000 and that all imprest holders who have to furnish security under the rules have either furnished the security or have been exempted by competent authority.

Accountant. *Executive Engineer.*

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P. W. D. Form No. 29.

Revised.

DIVISION.

MONTH.

Stock Account.

P. W. D. Form No. 29.

Particulars.	Schedule.	Amount.
T. Remittances		
Other Remittances	32A.	
Suspense heads—		
Purchases	32P.	
Stock	32Q.	7,600
Cash debits to stock	32Q. Schedule docket.	3,000
Other items—		
TOTAL RECEIPTS .		
Opening balance .		
GRAND TOTAL		

P. W. D. Form No. 29.

Particulars.	Schedule.	Amount.
T. Remittances—		
Other Remittances	32A.	
Suspense accounts affecting grant—		
Stock	32Q.	7,600
Miscellaneous Advances	32R.	
33. Famine Relief	$32O_1$.	
35. Protective Irrigation Works		
42. Major Works		
43. Minor Works and Navigation		
45. Civil Works—		
Imperial	$32O_1$.	
Provincial	"	
49. Irrigation Works		
Suspense accounts not affecting grant—		
Deposits	32U.	
* * * * *		
Cash credits		
TOTAL		
CLOSING BALANCE		
GRAND TOTAL		

P. W. D. Form No. 29.

Extract from Part III of Abstract Stock Book.

Sub-heads.	Balance.	Receipts.	Total.	Issues.	Balance.	Sanctioned Reserve.	Remarks.
Manufacture							
Lands and kilns							
Other sub-Heads							
Total .							
Deduct—Transfers within division . .							
Total as per Stock Account .							

Form 32 A. (revised.)

Notes.

In this schedule will be included all transactions affecting the head 'T. Remittances' except those which are included in schedules 32 F. and F 1.

The transactions in this schedule will be grouped under the following heads.

(1) Transfers of the Public Works Department.
(2) Public Works Remittances.
(3) Accounts between Civil and Civil.
(4) Accounts between Civil and other Departments.

Under the first head will come transactions between different Divisions in the same province, and under the second, those with other officers rendering accounts to the same Accountant General. Cheques of P. W. officers and Payments into Treasuries come under this head. Transactions with other provinces come under the third head and those with Military, Marine, Post Office and Telegraphs, and Railway Departments under the fourth. In the case of these transactions the items should also be grouped by Provinces and Departments.

DIVISION.

MONTH.

Schedule of $\frac{\text{debits}}{\text{credits}}$ to 'T. Remittances—other Remittances.'

Notes.

This Schedule will be used for recording all transactions under final heads of account, which do not appear in any of the other Schedules, and also those falling under the debt head "Cemetery Endowment fund."

The items will be grouped together under the different heads.

Amongst other transactions, Income Tax deducted from works establishments and percentage charges on English Stores will appear in this Schedule.

DIVISION.

MONTH.

Schedule of $\frac{\text{Debits}}{\text{Credits}}$ to Miscellaneous heads of Account.

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P. W. D. Form No. 32 O$_1$.

Notes.

1. The Schedule should be drawn up separately for each Fund and major head.

2. The entries should be detailed in the order of the Departmental, Service and main heads given in appendix 22, Volume III, Public Works Department Code.

3. Only those works on which expenditure has been incurred during the month will be included in the schedule. The names of the works should agree exactly with those given in the sanctioned estimates.

4. When a work is entered for the first time in the schedule, the sanction will be entered in red ink in column 4.

_____ Branch.

CLASS OF DIVISION.

NAME.

Schedule of Expenditure against

_____ Budget grant.

P. W. D. Form No. 32 O. *Abstract.*

Service and Departmental Heads.	Charges for the month.		
	Cash.	Stock.	Total.
1	2	3	4
Original Works—			
Civil Buildings			
Communications			
Miscellaneous Public Improvements			
Repairs—			
Civil Buildings			
Communications			
Miscellaneous Public Improvements			
Total original works and repairs			
Establishment			
Contingencies			
Tools and Plant			
Total Final Heads			
Add—Debits to Suspense heads—			
Purchases			
Stock			
Miscellaneous advances			
London Stores			
Total debits to Suspense Heads			
Deduct—Credits to Suspense Heads—			
Purchases			
Stock			
Miscellaneous Advances			
London Stores			
Total Credits to Suspense Heads			
Net Debits to Suspense Heads			
Total expenditure against Major Head			
educt—Expenditure in England			
et Expenditure against Indian grant			

NOTES.

The names of the works should agree exactly with those given in the sanctioned estimates and in $32O_1$.

The Service, Departmental, main and sub-heads need not be filled in unless there is likely to be any difficulty in identifying the works.

DIVISION.

MONTH.

FUND & MAJOR HEAD.

SERVICE HEAD.

DEPARTMENTAL HEAD.

MAIN HEAD.

SUB-HEAD.

Schedule Docket No.

Name of work

64

P. W. D. Form No. 32-Q.

Revised.

NOTES.

This form will be used for recording the transactions under stock manufacture.

The outturn will be posted in a separate line below the operation and the total of both operation and outturn will be the amount debited and credited to stock in the stock account.

DIVISION.

MONTH.

Schedule of Stock Manufacture.

Item No.	Schedule Dockets.	Particulars.	Transactions of the month. Cash. Rs.	A.	P.	Stock. Rs.	A.	P.	Total. Rs.	A.	P.	Total up to date. Rs.	A.	P.	Remarks.
1	16	Manufacture of bricks at Ressina—													
		Operation	2,800	0	0	500	0	0	3,300	0	0	6,000	0	0	
		Outturn				3,000	0	0	3,000	0	0	5,000	0	0	
	17	Lime making at Chandraval—													
		Operation	200	0	0	2,100	0	0	2,300	0	0	3,000	0	0	
		Outturn				2,000	0	0	2,000	0	0	2,500	0	0	
		Total operation	3,000	0	0	2,600	0	0	5,600	0	0				
		Outturn				5,000	0	0	5,000	0	0				
		Total to be credited and debited to "stock" in form No. 29				7,600	0	0							

66

P. W. D. Form No. 44B.

Revised.

DIVISION.

List of Officers who occupied public buildings in the station of _____ showing the rents due by them to end of _____ and the recoveries made during the following month.

C. A. Code, Vol. I, Chap. 31, Art. 638.

(*a*) To enable the Accountant General to keep the treasuries in funds an estimate will be submitted in this Form by each Executive Engineer at the beginning of each month of the balances, receipts and expenditure of that and the succeeding month. This resource estimate should be despatched not later than the 3rd of each month, but should bear the date of actual despatch. The figures should be reported in thousands only, the last three digits being omitted. Amounts below Rs. 500 should be neglected and those equal to that figure or above should be treated as 1.

(*b*) The grand totals on the receipt and the payment sides each month must of course agree.

(*c*) Explanation should be given of any considerable differences between the estimates of the current and next months, and the actuals of the corresponding months of the previous year.

_____Division.

RESOURSE ESTIMATE

OF

Receipts and Disbursements of the month of_____191 .

No.

_____*dated the*_____*191* .

Submitted to the Accountant General,

_____*Signature.*

_____*Designation.*

_____*Division.*

Estimate of probable Receipts and Disbursements of the _____

Actuals of corresponding months of past year.		Probable Receipts.	Month of	Month of	Remarks.
Month of (1st month).	Month of (2nd month).				
		A—Principal Heads of Revenue—			
		VIII—Assessed Taxes—Income Tax			
		E.—Miscellaneous—			
		XXV.—Miscellaneous			
		I.—Irrigation—			
		XXIX.—Major Works—Direct Receipts			
		XXX.—Minor Works and Navigation			
		K.—Other Public Works—			
		XXXI.—Civil Works—Imperial and Provincial			
		P.—Unfunded Debts—			
		Q.—Deposits and Advances—			
		Deposits of District Funds			
		Other Deposits and Advances			
		Advances Recoverable—Takavi Advances—			
		T.—Remittances—			
		Public Works Remittances. { Cheques of Public Works Officers			
		Public Works Remittances. { Other Items			
		Transfers between Public Works Officers—Divisional . .			
		Accounts with other Departments and Provinces . . .			
		Accounts between England and India			
		Total Receipts .			
		Opening Balance .			
		GRAND TOTAL .			

Note.—The figures should be given in thousands the last three digits being omitted.

Division for _____ 191 , and the ensuing month.

Actuals of corresponding months of past year.		Probable Disbursements.	Month of	Month of	Remarks.
Month of (1st month).	Month of (2nd month).				
		D.—Salaries and Expenses—			
		18.—General Administration			
		24.—Medical			
		E.—Miscellaneous—			
		32.—Miscellaneous			
		F.—Famine Relief and Insurance—			
		33.—Famine Relief Works			
		35.—Protective Irrigation Works			
		J.—Irrigation—			
		42.—Major Works—Working Expenses			
		43.—Major Works and Navigation			
		K.—Other Public Works—			
		45.—Civil Works—Imperial and Provincial			
		49.—Major Irrigation Works			
		P.—Unfunded Debt—			
		Q.—Deposits and Advances—			
		Deposits of District Funds			
		Other Deposits and Advances			
		Advance Recoverable—Takavi Advances—			
		T.—Remittances—			
		Public Works Remittances. } Payments into Treasury			
		Public Works Remittances. } Other Items			
		Transfers between Public Works Officers—Divisional .			
		Accounts with other Departments and Provinces . . .			
		Accounts between England and India			
		Total Disbursements .			
		Closing Balance .			
		GRAND TOTAL .			

Note.—The figures should be given in thousands the last three digits being omitted.

C. A. C. Form 9—*concluded.*

[See Chap. 5, Art. 68, Vol. I, C. A. C.]

* *Certificates.*

1. Certified that I have satisfied myself that the amounts included in bills drawn 30 days previous to this date, with the exception of those detailed below (of which the total amount has been refunded by deduction from this bill) have been disbursed to the officers therein named and their receipts have been taken in the Acquittance Roll.

2. Also that the allowances drawn for non-gazetted ministerial or menial officers for journeys by road or both do not exceed their actual travelling expenses, and that I am satisfied that in accordance with my orders $\frac{\text{they}}{\text{he}}$ travelled by† _____ [Art. 1065 (*ii*), C. S. R.]

3. Also that it was necessary for the officers for whom halting allowance at headquarters is drawn to keep up the whole or part to their camp equipage during such halt, and that the expense incurred on this account was not less than the halting allowance drawn. (Art. 1059, C. S. R.)

(*Head of Office.*)

Passed for Rs._____

*Dated*_____*191* .

(*Controlling Officer.*)

Pay Rupees (in words and figures)_____

‡ from_____ Sub-Treasury.

Examined and entered.

Accountant. *Treasury Officer.*

*Dated*_____*191* .

Sub-Treasury Officer.

Incorporated in the the District Accounts on_____

Accountant.

---

* Clause 2 should be scored out with a pen when no mileage is claimed under Art. 1065 (*ii*), C. S. R., and clause 3 when there is no claim under Art. 1059.

† Here state conveyance used.

‡ To be filled up when payable from a Sub-Treasury.

Form 9—*continued.*

	Rs.	A.	P.
Allotment for 19 . .			
Expenditure including this bill.			
Balance .			

Instructions for preparing Travelling Allowance Bills.

1. Journeys of different kinds and journeys and halts should not be entered on the same line. Only one kind of allowance should, therefore, be filled in on the same line and its amount carried out separately into the last money column.

2. Number of miles travelled should be entered in all cases of journeys by road or by boat.

3. The daily allowance of an officer acting in an appointment should be calculated on the pay or maximum pay of the appointment. (In the Column "Pay," the full sanctioned pay of an appointment officiated in should be shown but in the column "Designation," the word "acting" should be entered against officers who are officiating in appointments.)

4. Permanent travelling, conveyance and horse allowances should be drawn along with the pay of the officers and not in Travelling Allowance Bills.

5. Fractions of a mile in the total for each person should not be charged for.

6. When the first item of travelling allowance to any officer is a halt, the date of commencement of that halt should be stated.

Scale of daily allowance admissible to non-gazetted officers not included in Appendix 25 of Civil Service Regulations.

				Daily allowance. Rs.	A.	P.
On pay exceeding Rs.	275	but not exceeding Rs.	500	3	0	0
Ditto	250	Ditto	275	2	12	0
Ditto	225	Ditto	250	2	8	0
Ditto	200	Ditto	225	2	4	0
Ditto	175	Ditto	200	2	0	0
Ditto	150	Ditto	175	1	12	0
Ditto	125	Ditto	150	1	8	0
Ditto	100	Ditto	125	1	4	0
Ditto	87½	Ditto	100	1	0	0
Ditto	75	Ditto	87½	0	14	0
Ditto	62½	Ditto	75	0	12	0
Ditto	50	Ditto	62½	0	10	0
Ditto	37½	Ditto	50	0	8	0
Ditto	25	Ditto	37½	0	6	0
Ditto	10	Ditto	25	0	6	0
In the Bombay Presidency, and elsewhere . .				0	4	0
Scale for inferior servants—						
If he travels over more than one Province . .				0	3	0
If he travels over a single Province . . .				0	2	0
Detail of actual Expenses—						

S. G. P. I., Delhi.—71 C. G.—22-7-1915.—600.

No. 656-A.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Simla, the 2nd August 1915.

ACCOUNTS AND FINANCE.
Adjustments.

RESOLUTION.

The Government of India have had under their consideration the question of framing definite rules to regulate the incidence of the cost of protecting railway bridges. With the approval of His Majesty's Secretary of State for India and after consultation with the Railway Companies concerned it has now been decided to lay down the following rules on the subject:—

(1) Railway bridges, in common with other railway goods and premises, will ordinarily be protected by watchmen in the employ of the railway concerned.

(2) In the event of the replacement of these watchmen by military or police guards:—

(*a*) When the services of the military or police guards are placed at the disposal of the railway at the request of the railway administration the cost of the guards will fall upon the railway;

(*b*) If the substitution is made on general grounds of State policy and the service is taken over by the police, military or other public service department as part of its regular duties, the charges will fall upon Government and will be debited to police, military, or the other department concerned, as the case may be.

Ordered that the Resolution be communicated to the several Departments of the Government of India (except the Legislative Department); all Local Governments and Administrations; to the Financial Adviser, Military Finance; to the Comptroller and Auditor General; all Accountants General and Comptrollers; the Examiners and Government Examiners of Railway Accounts and the Examiner of Accounts, Military Works Services.

E. BURDON,

Under Secretary to the Government of India.

301FinD—2,000—5-7315—GCBP-Simla

75

N2

1218

C. R. S. 26]

Invites suggestions of the Comptroller &c. 2

File No. 6-15

Serial No. 4

Fair Draft.

Diary No. of letter replied to

No. J61284

General and Revenue Secretariat

( )

, *the* 191 .

8/16 Septr/15

To

The Comptroller

Sir,

Date of issue 16-9-15

Signed by Gr Ghamande

With reference to Govt. of India Finance Department letter No: 657 A dated Aug: 15 on the Subject of the System of P.W. Accounts which should be finally adopted as a result of the amalgamation of the Civil and P.W. Accounts Departments a copy of which was sent to you with memo No: Fl 1125 dated 31st Aug 15,

over.

SUBJECT.

I am directed to request you to be so good as to examine the suggestions contained therein and to submit for the consideration of Govt any proposals for improving the work of the P. W. Branch Account office of the State which may in your opinion be adopted with advantage.

I have &c

W/8/9

to Financial Secretary

6/9/15

Govt
6.9.15

List of enclosures.

Copied by

Examined by

GPB—25,000—8-8-11.

15. SEP. 1915

SECTION 2-7
6-15
5

FINANCIAL DEPARTMENT

INCOME-TAX.

No. 1366 S.R.

CALCUTTA, THE 29TH JULY 1915.

FROM THE HON'BLE MR. J. DONALD, I.C.S.,

Offg. Secretary to the Government of Bengal,

TO THE SECRETARY TO THE GOVERNMENT OF INDIA,

FINANCE DEPARTMENT.

SIR,

I AM directed to submit, for the information of the Government of India, the statistical returns regarding the administration of the Income-tax Department in Bengal for the year 1914-15.

2. The effects of the war on the revenue from this source of taxation were not apparent during the year. The receipts actually increased from Rs. 66,49,007 to Rs. 69,90,941. The increase was largely due to the increased profits made by banks, jute and coal companies in their working in 1913-14, which formed as usual the basis of the assessment in 1914-15. Part of the increase is also due to the employment of larger establishments by the East Indian and Bengal-Nagpur Railway Companies, as well as to more careful assessments in the districts.

I have the honour to be,

SIR,

Your most obedient servant,

J. DONALD,

Offg. Secretary to the Govt. of Bengal.

B. S. Press—5.8.1915—2409C—315—A. H. L.

DIARY : 1171
10 IS 16
SECTION: E.7
675
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No. 1356-E.B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Simla, the 20th October 1915.

RESOLUTION.

With the approval of His Majesty's Secretary of State for India the Government of India are pleased to direct that the following shall be substituted for Clause 1 (*b*) of Rule VII in the Resolution in the Finance Department No. 368-Gl. (E.A.), dated the 15th March 1913, as amended by Resolution No. 815-E.B., dated the 17th June 1915.

Army Department Despatch No. 41, dated 29th April 1915, paragraph 8.

Despatch from Secretary of State, No. 43-Mily., dated 2nd July 1915, paragraph 25.

(1) (*b*) That a project costing more than Rs. 1,50,000 is not commenced [except in case of urgent necessity and subject to the conditions laid down in the exception to Rule (3) below] until the schedule in which it is included has been sanctioned as a whole by the Secretary of State.

Communicated to all local Governments and Administrations; the several Departments of the Government of India (including the office of the Financial Adviser, Military Finance); the Heads of Departments subordinate to this Department; the Comptroller and Auditor General; all Accountants General and Comptrollers, all Examiners and Government Examiners of Railway Accounts; the Examiner of Accounts, Military Works Services; and the Audit Officer, Delhi Province, for information and guidance.

By order, etc.,

M. M. S. GUBBAY,

Deputy Secretary to the Government of India.

474FinD—1,420—14-10-15—GCBP Simla

No. 1484-F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FROM

THE HONOURABLE MR. J. B. BRUNYATE, C.S.I., C.I.E., I.C.S.,
Secretary to the Government of India,

To

ALL LOCAL GOVERNMENTS AND ADMINISTRATIONS.

Simla, the 8th October 1915.

SIR,

I am directed to forward for the information of the Government of Bengal / Bombay / Madras / the United Provinces / Bihar and Orissa / the Punjab / Burma your information the enclosed copy of a press communiqué, which is being issued to-day, announcing the introduction of revised arrangements for the encashment of currency notes at Government treasuries which the Government of India have decided to adopt in pursuance of the recommendations of the Royal Commission on Indian Finance and Currency of 1914.

2. The revised rules mentioned in paragraph 4 of the communiqué which deal with the encashment and issue of notes at Government treasuries, will be substituted for the existing Chapter 30 of the Civil Account Code and I am to enclose a copy of this redraft and of certain amendments to Chapter 31 of the same Code, for the information of the Government of Bengal / Bombay / Madras / the United Provinces / Bihar and Orissa / the Punjab / Burma your information. The salient feature of the new rules, as explained in paragraph 5 of the communiqué, is that they indicate a material change of principle in regard to the responsibility of Government in the matter of providing exchange facilities at Government treasuries. It will be seen that it is the intention of Government that in making payments at treasuries the requirements of the payee, as regards the form of currency in which he desires to obtain payment, should be met as far as possible, and also that adequate facilities should be given to the public for the free exchange of notes and coin. I am to explain in this connection, that, in view of the important public advantages to be secured, Government will be prepared to meet such additional expenditure as may be necessary in order to ensure the success of the measure contemplated.

3. I am to request that [with the permission of His Excellency the Governor in Council / His Honour the Lieutenant-Governor (in Council)] this change of policy may be carefully impressed on district officers and treasury officers and that they may be instructed to devote special attention to seeing that the intentions of Government are carried out in practice and to consult the provincial Accountant-General / Comptroller freely as to the steps to be taken with this object. It is also desirable that suitable local arrangements should be made to bring prominently to the notice of the public the facilities that will now be made available. It may be mentioned here that officers of the Indian Finance Department will be instructed to make a special scrutiny of this department of treasury business at their

periodical inspections of treasuries, and it is hoped that the local authorities will avail themselves fully of any such opportunities for discussing and improving the practical handling of the question.

I have the honour to be,

SIR,

Your most obedient servant,

J. B. BRUNYATE,

Secretary to the Government of India.

G. I. Press, Simla.—No. 81 Fin.D.—11-10-15.—1,700.—B.A.

Press Communiqué.

The Royal Commission on Indian Finance and Currency of 1914 stated as their opinion that it is eminently desirable to encourage the use of currency notes in India by all legitimate means, and with this object in view they recommended that Government should increase, whenever and wherever possible, the number of places at which notes can be cashed as of right as well as the extra legal facilities for encashment. As is generally known, the formal consideration of the Commission's Report has been postponed on account of the war, and a decision on the recommendation in favour of additional statutory facilities must therefore stand over for the present. The Government of India are, however, in full sympathy with the general aim underlying the Commission's suggestions in regard to the popularisation of the Paper Currency system, and they have been considering for some time past what executive action can be taken, in the meantime, in pursuance of this aim.

2. The present legal position is that holders of notes can claim cash for notes at Currency Offices only. They are not similarly entitled to obtain coin for their notes when presented at a Government treasury. In practice extra-legal facilities of some kind are supposed to be given at most treasuries, and a system of Currency agencies instituted with the object of providing for the local encashment of notes has existed at a limited number of centres since 1871. Recent inquiries tend to show, however, that in practice the facilities have in many places been little more than nominal.

3. As explained in paragraph 94 of the Honourable Finance Member's speech, introducing the Financial Statement for 1915-16, while the question of developing the existing facilities on practical lines was under consideration, the war broke out and the crisis which ensued tended to hasten a solution of the problem. In the period of general apprehension which immediately followed the outbreak of war, it was considered expedient to secure the unimpeded encashment of notes in every practicable way. General instructions were accordingly given emphasising the importance of arranging for this in all districts and the movements of coin required to make these instructions practical and effective were freely undertaken.

4. The Government of India now propose, as far as may be practicable, to place on a permanent footing the wider facilities developed during this period of emergency. As the first step in this direction, while still employing the currency chests maintained at district treasuries in connection with resource operations, they propose also to utilize them for the purpose of making notes more readily encashable : the object is one which they may legitimately be expected to serve, containing as they do a portion of the coin reserve held against the note circulation. The somewhat obscure distinction between a currency agency and a currency chest has therefore been abolished, and the rules relating to the local encashment of notes have been revised so as to give effect to this and the other changes involved by the policy which Government have decided to adopt.

5. The revised rules prescribe *inter alia* that at district treasuries endeavour should always be made so far as possible to meet the requirements of a payee as to the form of currency which he desires to take, and further that all applications for the exchange of coin for notes or notes for coin should ordinarily be met wherever possible. These facilities will extend to all universal notes, *i.e.*, notes of Rs. 100 and lower values, wherever issued in the first instance, and to all notes of the circle in which a treasury is situated ; and the aim of Government will be, by suitable arrangements for the supply of coin, to make them real and effective to an extent which has neither been expected nor provided for in the case of the discretionary facilities offered in the past.

6. The foregoing arrangement relates primarily to those cases in which the treasuries are under Government management. It has, however, been recognised that the most favourable opportunities for developing the note system will probably occur at the larger trade centres, at most of which the Presidency banks have branches, and transact treasury business on behalf of Government. Accordingly the question of enlisting the co-operation of the Presidency banks at such places has for some time been steadily pursued and arrangements have already been made with the banks for the issue and free encashment of notes at several of their branches. The administrative arrangements involved by the new policy will be developed as experience may show to be necessary. It is hoped that in practice the fullest advantage will be taken of the new conveniences and that these will bear their natural fruit in a more rapid growth in the use of paper currency.

G. M. Press, Simla.—No. 81 Fin.D.—11-10-15.—1,750—B.A.

5 82

Redraft of Chapter 30.—Civil Account Code, pages 257-264.

For the existing Articles 606 to 636, substitute the following :—

Chapter 30.—Currency Notes.

Receipt	606	Forged Notes	622
Payment	607	Defective Notes	623
Issue and Exchange	608	Notes wholly destroyed	624
Currency Chests	612	Indents	625
Reissue of Notes, Custody of Notes and Disposal of Non-issuable Notes	620	Quarterly Returns	626

Receipt.

606. Government Currency notes of the denominations of ₹5, 10, 50 and 100 which are designated universal Currency notes shall be received by all Government officers in payment of Government dues or in settlement of other transactions, irrespective of the circle from which the notes may have been issued; notes of higher denominations shall be received only within the limits of the circle of issue to which the notes belong.

NOTE 1.—The above rule applies also to receipts by officers of Railway Companies in payment of fares and freight. In the case of lines traversing more than one circle of issue, non-universal notes of each circle will be received at stations of the Railway situated within that particular circle, and the railway authorities will arrange that collections in non-universal notes of any circle are paid into a treasury situated within that circle.

NOTE 2.—To prevent counterfeit notes being substituted for genuine notes during transit, care should be taken when currency notes form a portion of a remittance from a Post Office to any treasury or sub-treasury or to the Bank of Bengal, Madras or Bombay, to impress on the back of each note the dated stamp of the remitting Post Office.

NOTE 3.—The several circles of issue of Paper Currency as now constituted with their territorial limits are as follows :—

Name of Circle.	Territorial limits.
Calcutta	All the territory under the Governor of Bengal, the Lieutenant-Governor of Bihar and Orissa, the Chief Commissioner of Assam, the Superintendent, Port Blair, Chief Commissioner, Andamans, and the Bikaner State.
Cawnpore	The territory under the Lieutenant-Governor, United Provinces of Agra and Oudh, the cantonment and civil lines of Nowgong, Sambhar and the Bharatpur and Dholpur States, and the lands occupied by the (*a*) Bina-Agra portion; (*b*) the Cawnpore Branch; and (*c*) the Manikpur Branch of the Great Indian Peninsula Railway, Midland Section.
Lahore	The territory under the Lieutenant-Governor of the Punjab, the Chief Commissioner, North-West Frontier Province, and the Chief Commissioner, Delhi.
Bombay	All the districts of the Bombay Presidency Proper, the Central Provinces and Berar, and all the districts in Ajmer-Merwara, and the areas in the Hyderabad (Deccan) State in which the Governor General in Council exercises jurisdiction through the Resident, the cantonments of Baroda, Mhow, Nimach, Agar, Guna and Sehore, the Indore Residency Bazars, the Native States in Rajputana, except the Bikaner, Bharatpur, and Dholpur States, and the railway lands in Central India and Rajputana except those mentioned under Cawnpore.
Karachi	Province of Sindh and Baluchistan (British and Agency).
Madras	All the districts in the Presidency of Madras, the territory administered by the Chief Commissioner of Coorg, and the Civil and Military Station of Bangalore.
Rangoon	All the territory under the Lieutenant-Governor of Burma.

NOTE 4.—No notes of the denomination of ₹20 will hereafter be issued, but those which are already in circulation will be treated by Government officers like universal notes though they have not been declared to be universal under the Indian Paper Currency Act II of 1910.

Payment.

607. Except at an office of issue, universal notes are legal tender throughout British India in satisfaction of any claim against Government; and, subject to the same exception, other notes are legal tender at any place within the circle from which they were issued. Endeavour should, however, always be made so far as possible to meet the requirements of the payee as to the form of currency in which he desires to take payment.

Issue and Exchange.

608. The supply of notes to meet local demands and the encashment of notes when presented form a very important part of the resource operations of a province, and it is the duty of every Accountant General to keep all his treasuries well supplied with notes with reference to the public demand for them by indent from head-quarters or by remittances from other treasuries. The arrangements necessary for the encashment of notes are described in the following articles.

609. No restrictions are imposed on the issue of notes at treasuries in exchange for cash or for universal or home circle notes of other denominations.

610. Although no person has a legal claim to obtain cash for notes presented at a Government treasury, Government desire that this accommodation be given whenever possible, and that all applications for exchange should be granted provided that the coin or notes applied for are available, subject to any general or special limitations which the Accountant General may find it necessary to impose from time to time.

611. Subject to any limitations which the Accountant General may find it necessary to impose in particular cases (*vide* preceding article), the Treasury Officer should, whenever he is satisfied that no inconvenience will be caused to the treasury by the encashment of any universal notes or home notes likely to be presented, exhibit in some conspicuous place a placard in English and the vernacular notifying that he is prepared to give cash for such notes. If the Treasury Officer can spare cash for only a limited amount of notes he is at liberty to notify that he is prepared to give cash for universal notes only or for notes of the lower denominations only. Care should, however, be taken that no corrupt or undue preference be shown to any individual.

NOTE 1.—Whenever there are reasons to believe that notes are selling in the local market at a discount or a premium in large amounts, Treasury Officers should at once bring the fact to the notice of the Accountant General.

NOTE 2.—Universal notes and home notes to a limited extent may be cashed for the convenience of travellers when the treasury is unable to cash them for the general public.

NOTE 3.—Permission has, in some cases, been given for encashment of notes at sub-treasuries under the same conditions. This facility may be extended under the orders of the Accountant General as opportunity offers.

Currency Chests.

612. Currency chests have in the past usually been opened at treasuries for the convenience of resource operations. These can, however, also be utilised in order to facilitate the free issue and encashment of notes, and Accountants General should take steps, where necessary, to open currency chests where they appear to be required for the latter purpose, either by the remittance of notes or coin, or by an order passed to transfer notes or coin from treasury to currency.

613. The ordinary exchanges with the public should be made by the treasury. Where, however, a currency chest has been opened at a treasury, this will be used as a reserve when the proportion of notes or coin in the treasury becomes inconveniently large. It will not therefore be necessary in every case that a currency chest should be operated on daily. If the chest can give no assistance the facilities afforded to the public must necessarily be stopped, *e.g.*, if notes accumulate, and the whole balance in the chest consists of notes, no more can obviously be cashed for the public. Such a state of things should not, however, ordinarily be allowed to occur, and the balances of coin and of notes in the chest should be regulated by the Accountant General by remittance if necessary with reference to the requirements of Government and the public demand from time to time.

614. When the Treasury Officer receives a special order from the Accountant General to pay over or to take out a sum of money, in coin or notes, into or from the currency chest, he will enter it in his cash book as a remittance to or from currency with reference to the order received; and will show it as a deposit or withdrawal of the amount in the currency chest book.

NOTE.—Transactions of this kind are always ordered in pairs, that is, an order to Treasury Officer A, to transfer money from currency to treasury, can never issue until the Accountant General has ascertained that Treasury Officer B has made a corresponding payment from his treasury into currency. The Accountant General, will see that the two cross-transactions are taken against each other in the provincial Accounts.

615. (*a*) It must be remembered that coin held in a currency chest is part of the reserve maintained under Act II of 1910, against the currency circulation; it must be kept quite separate from the treasury balance and treasury accounts, and must not, on any account, be touched except in conformity with these rules. An entirely separate receptacle must, therefore, be set aside in the treasury for the currency department funds.

(*b*) With the exception of occasions on which a transfer is made under the orders of the Accountant General, referred to in the preceding article, this chest should always contain the same total amount. Coin may, however, be taken out and notes deposited, or *vice versâ*, or one description of notes or coin may be exchanged for another. The Accountant General may also empower Treasury Officers to deposit surplus treasury funds into the currency chest without his previous sanction in each case. Immediate intimation of such deposits will be given to the Accountant General to enable him to arrange for opposite transfers elsewhere.

(*c*) One key of the separate receptacle in which the currency department funds are deposited must be kept by the Collector or some other gazetted officer who is not in personal charge of the treasury balance.

616. A currency chest book (Form 84), or a duplicate of it, should be kept in the chest, and the balance proved and signed at every transaction. A slip in Form 84 (*a*), signed by the Treasury Officer, the Treasurer and the officer holding the second key, must be sent at the close of the day to the head office of the circle and to the Accountant General whenever the chest is opened; no further accounts are necessary.

617. Copper, bronze or nickel coins must never be deposited in the chest, as the law does not admit of their being held as currency reserve, but a reasonable portion of the reserve may be kept in the form of small silver coin.

618. The exchanges with the chest should be always in even hundreds of rupees, and transactions should, if possible, be avoided in the last few days of the month, so that the correct closing monthly balance may always be known at the head office. If important exchanges take place too late for the slip to reach the head office by post, the transaction should be telegraphed shortly (*e.g.*, "Currency Chest to Currency Commissioner. Withdrawn ₹30,000 deposited 300 notes for 100").

619. The currency chest balance should be verified monthly, except when it is deposited with a branch of the Presidency Bank, in which case the balance need be verified only on March 31st and September 30th, and the verification certificate should be sent to the head office of the circle.

As in the case of the treasury balance, it should be verified by the District Officer when at headquarters. When he is absent on tour on the 1st of the month and the key of the chest is left with a Gazetted Officer other than the Treasury Officer under Article 615 (*c*), the chest balance may be verified by the officer who verifies the treasury balance under Article 336, subject to the condition therein stated; when the key of the chest is with the Collector on tour the verification should be made by him immediately on return to headquarters.

Reissue of Notes, Custody of Notes and Disposal of Non-issuable Notes.

620. The reissue of notes from the currency offices has been discontinued. It is obviously to the interest of the popularity of the note issue that clean notes only should be put into circulation. This measure has, at the same time, the advantage of making it more difficult for forged notes to escape detection, as these are frequently intentionally soiled or smudged in order to conceal their defects. In the case of district treasuries it is not at present feasible entirely to discontinue reissues. Accountants General should, however, arrange to keep their treasuries supplied with sufficient stocks of clean notes in order to meet

all probable demands. Notes much soiled or worn should not in any case be reissued to the public and cut notes should not ordinarily be reissued. Notes unfit for reissue should be sent to the treasury at the headquarters of the Local Government (or other treasury named by the Accountant General) in the first remittance made thither.

Subject to these remarks, all universal notes, if fit for issue, may be issued to the public irrespective of the circle from which they were issued. They should, irrespective of circle of issue, also be treated like home notes for purposes of transfer to currency chests or disposal in any other manner under standing orders of the Accountant General.

NOTE 1.—The circles of issue are, in the case of universal notes, indicated by a distinctive letter printed on the note, thus C for Calcutta, A for Cawnpore, L for Lahore, B for Bombay, K for Karachi, M for Madras and R for Rangoon.

NOTE 2.—Notes of the denomination of ₹20 should not be issued to the public, but should be remitted away under the instructions of the Account Office.

NOTE 3.—A foreign circle note, *i.e.*, a non-universal note of a foreign circle, accepted by mistake may be treated in the same way as a universal note but should be remitted immediately to the head office of the circle of issue, an explanation being at the same time furnished to the local Accountant General.

621. (*a*) In order to obviate unnecessary issues from the double locks notes received across the counter in the course of daily transactions may, if necessary, be reissued at once provided they are in good condition.

(*b*) Notes deposited in the treasury under double locks should be kept in order of receipt in bundles according to denominations, each bundle containing not more than 100 notes; they should be reissued to the public or remitted to another treasury in the same order. All notes should be stored separately from coin in a tin box or other receptacle designed to protect them from injury by damp, insects, etc.

Forged Notes.

622. In the event of a forged note being presented, the note and the presenter should be made over to the police, if the Treasury Officer considers it advisable to do so. Notes disfigured by oil or other substances should be scrutinised with special care, as counterfeit notes are sometimes intentionally thus disfigured to render detection difficult.

Defective Notes.

623. Half, mutilated, mismatched or altered notes and notes disfigured by oil or other substances in such manner as to render their identification doubtful should never be received in payment of Government dues or cashed. The holder should be advised to apply to the Currency Office of the circle to which the notes belong for instructions regarding the procedure under which the value of such notes can in some cases be recovered.

NOTE.—Currency notes with only a slight mutilation which does not interfere with identification or suggest fraud, may be received in the treasury and dealt with under Article 620. The features necessary for the identification of a note are its serial letter, number, denomination, place of issue, signature, and watermark.

Notes wholly destroyed.

624. (*a*) The State is legally under no obligation to pay a currency note which cannot be presented; but when a person claiming payment of a note which he is unable to produce can satisfy the Commissioner beyond all reasonable doubt that the note (which must be absolutely identified) has either been destroyed or lost under such circumstances that there is no probability of its ever being presented for payment, the Commissioner may direct as follows:—

(1) That after two years from the first advertisement of the loss, the value of the note may be paid by the Currency Officer and invested, if possible, in Government securities, or, if the amount is too small, then paid into the Government Savings Bank.

(2) That after a period of twenty years from the date of advertisement, if meantime the note has not been presented for payment, the said investment, with accumulated interest (or the said deposit, if no investment has been made), be delivered to the claimant or his assignee, or other legal representatives, upon a bond of indemnity with two personal sureties attached.

The Commissioner may, at his discretion, dispense with sureties in any case when he is satisfied that such a course is desirable and is not likely to lead to difficulties in recovering the value of the notes from the payee in the event of the notes themselves being presented for payment.

(*b*) Claimants in respect of notes so lost or destroyed should be informed accordingly, and should be advised to apply to the Currency Office of the circle to which the notes belonged.

Indents.

625. When notes are wanted in a district, an indent in detail should be submitted; and it may well accompany the monthly cash balance report.

Quarterly Returns.

626. Every Treasury Officer will prepare (in Form 82) a quarterly memorandum showing the receipt and issue of Government currency notes in and from his head and sub-treasuries, and will submit it to the Accountant General. In the case of those treasuries which bank with a Presidency Bank or branch Bank, the memorandum will show the transactions at sub-treasuries only.

NOTE.—To assist in the preparation of this return, it is suggested that a register in Form 83 should be kept in the vernacular in each treasury and sub-treasury, and should be posted daily. Notes received across the counter in the course of daily transactions and reissued under the provisions of Article 621 should be entered in this register like other transactions. The daily entries should be totalled at the end of each month. If the entries have been accurately made, the opening balance plus total of receipts will be equal

to the closing balance plus total of issues. At the end of the quarter, the totals of the three months for both district and sub-treasuries should be summed up and posted in Form 82. Where there is a branch of the Presidency Bank, the register will be opened for transactions at sub-treasuries only. The register will give only the total value of the notes received and issued under each head in each day.

627—636. *Cancelled.*

Chapter 31, pages 270-271—

For Article 656, substitute the following:—

Whole Notes.

656. Whole notes should never be cut for remittance. When the value of the notes to be remitted does not exceed ₹2,000, and the notes cannot conveniently be included in a specie remittance, they should be sent whole by post, insured up to their full value. When the value exceeds ₹2,000 the notes should be sent in charge of a potdar. Parcels of notes should be wrapped in paper, folded in wax cloth and carefully sealed. These parcels should be placed in wooden boxes which, after being securely fastened and sealed, should be made over to the guard furnished by the District Superintendent of Police.

NOTE.—If a packet of this kind be consigned to a treasury merely for despatch, along with some other remittance, to another treasury, the receiving treasury should give a receipt for a "sealed packet in good order said to contain rupees in notes," and should take a similar receipt from the escort officer when he forwards it. Meantime, the packet should remain under joint keys.

Chapter 31, page 271—

Cancel article 657.

Chapter 31, page 272—

For Article 662 (a), substitute the following:—

662. (*a*) Surplus notes should ordinarily be remitted once a month and should be despatched in time to permit of their receipt and adjustment within the month. The notes should invariably be sent whole and to enable this to be done the time of remittance should be fixed, whenever possible, so as to utilise the services, during the return journey, of a guard arriving in charge of fresh notes. For this purpose the intervals between remittances may be extended, if necessary, to two or even to three months, but under no circumstances should the remittance of notes unfit for issue be delayed more than three months, as it is important to secure the cancellation of such notes without undue delay. If there should be no probability of the arrival of a guard whose services can be utilised the notes should be sent whole, in registered packets, through the post, the signatures and right hand bottom numbers being first cut out. Care should be taken to see that the right hand bottom numbers are properly cut out with the signatures, as these would form the only record of the numbers of the notes in the event of the notes being lost in transit. These excised portions must be carefully locked up until receipt of acknowledgment of the remittance, when they should be immediately destroyed in the presence of the Treasury Officer. If the Accountant General send a special remittance order, the remittance shall be made at such time as directed, but the method of remittance shall be as above.

No. 1392-E. B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Simla, the 28th October 1915.

RESOLUTION.

With reference to the orders contained in the despatch from the Secretary of State, No. 37-Public Works, dated the 30th July 1915, the Government of India are pleased to direct that the following shall be substituted for Rule III (11) in the Resolution of the Finance Department, No. 368-Gl. (E. A.), dated the 15th March 1913:—

> (11) To any expenditure on the erection or alteration or furnishing and equipment of a church, or compensation for sittings therein, or to any grant-in-aid towards the erection or alteration or furnishing and equipment of a church not wholly constructed out of public funds, in excess of the amount admissible under the rules in the Public Works Department Code.

Communicated to all local Governments and Administrations; the several Departments of the Government of India (including the office of the Financial Adviser); the Heads of Departments subordinate to this Department; the Comptroller and Auditor-General; all Accountants General and Comptrollers; all Examiners and Government Examiners of Railway Accounts; the Examiner of Accounts, Military Works Services; and the Audit Officer, Delhi Province, for information and guidance.

By order, etc.,

M. M. S. GUBBAY,

Deputy Secretary to the Government of India.

479FinD—1420—25-10-15—GCBP Simla

No. 1510-F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FROM

A. A. L. PARSONS, Esq., I.C.S.,
Officiating Under Secretary to the Government of India,

To

THE SECRETARY TO THE GOVERNMENT OF BENGAL,
FINANCIAL DEPARTMENT.

Dated Simla, the 23rd October 1915.

SIR,

I am directed to forward a copy of a representation (and its enclosures), dated the 20th February 1915, from Messrs. Ralli Brothers, Calcutta, with reference to the levy by the Bahawalpur Durbar of income tax on business transacted by the firm in that State. The firm claims that, as the whole of the profits derived from their Indian business are assessed to Indian income tax in Calcutta,—

(1) Either the Bahawalpur Durbar and other Native States which at present levy a local income tax in respect of the business carried on within their boundaries should be required to abstain from doing so, or

(2) The firm should be allowed to deduct from the total income tax paid to Government on their Indian profits the amount paid as local income tax to Native States.

2. As regards the first of these two requests it will be observed that the Government of the Punjab has declined to interfere with the discretion of the Bahawalpur Durbar in levying a State tax, and the Government of India see no reason to question the correctness of this decision.

3. As regards Messrs. Ralli Brothers' second request, the Honourable the Advocate General, Bengal, has been consulted on the legal question involved, and it will be seen from the enclosed copy of an opinion given by him that Messrs. Ralli Brothers' entire profits, including the profits of the business which originates in Native State territory, are liable to taxation under the Income Tax Act. The Government of India accordingly see no reason to exempt Messrs. Ralli Brothers from their legal liability to the tax. They are however inclined to think that it would be reasonable to treat the income tax paid by the firm to Native States as part of the expenses of their business, and I am accordingly to request that, with the permission of His Excellency the Governor in Council, instructions may be issued to the authorities concerned that the sums so paid to Native States should be taken into account before assessing the profits upon which Indian income tax is levied.

4. I am to request that, unless the Local Government has any observations to offer on the foregoing ruling, a copy of this letter may be communicated to Messrs. Ralli Brothers as a reply to their representation to the Government of India.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.) A. A. L. PARSONS,

Offg. Under Secretary to the Govt. of India.

Copy of correspondence forwarded to all Local Governments and Administrations (except Bengal and Baluchistan) and to the Foreign and Political Department, for information.

By order, etc.,

(Sd.) A. A. L. PARSONS,

Offg. Under Secretary to the Govt. of India.

464FinD—820—22-10-15—GCBP Simla

Opinion, dated the 2nd September 1915, by the Honourable Mr. G. H. B. Kenrick, Advocate General of Bengal.

Under Section 3 (5) of the Indian Income Tax Act, II of 1886, "income" means income and profits accruing and arising or received in British India.

The firm is taxable under Part IV of Schedule II on any such income. All income accruing and arising in British India, *e.g.*, all profits on transactions any part of which has taken place in the course of carrying on business in British India, are liable to assessment. As I understand, the profits of the business of Messrs Ralli Brothers which is carried on in British India, accrue and arise in British India on the purchase of cereals in India (*i.e.*, in Native States and British India) and sale of the same outside India, though these profits are in fact received outside British India

2. On these facts Messrs. Ralli Brothers being unable to distinguish between income accruing from the portion of their purchasing business which is conducted in Native States and the portion of the business conducted in British India, I am of opinion that the entire profits, *i.e.*, the profits of the business which is partly transacted in and partly transacted outside British India is liable to taxation under the Income Tax Act without making any deduction in respect of that part of the business which consists in the purchase of cereals in Native States. Taking the purchase of wheat in Native States alone into consideration, it is obvious that no part of the profits can strictly be said to accrue solely from such purchase inasmuch as if the wheat were left in the Native State and unsold no profits would accrue at all from the transaction. The profits accrue from the purchase, together with the transport, shipment, sale of, and payment for, the wheat. The purchase, *ex hypothesi*, is in a Native State, transport and shipment is in and from British India, sale may be either on contract in British India or in England, and payment is in England. The export is from British India.

In respect of the whole transaction, therefore, income and profits, in my opinion, may properly be held to be derived from the business in, or to accrue and arise in, British India, where Messrs. Ralli Brothers carry on export business (though the profits are not received there), and are, therefore, liable to taxation under the Indian Income Tax Act.

3. The expression "arising or accruing" has been said to be synonymous with the word "derived," and the Privy Council have held that income is "derived" from lands of the Crown held under lease if either of the processes whereby the ultimate money income is made is derived from the lands, *e.g.*, the extraction of ore from the soil (Commissioners of Taxation *v.* Kirk 1900 A.C.588). By similar reasoning, profits derived from a business of buying and selling wheat some process or part of which business is transacted in British India appear to me to be derived from or to accrue and arise in British India, and therefere to be assessable.

The fact that income tax has been paid in Bahawalpur (a Native State) does not affect the incidence of taxation in British India in respect of profits of a business accruing and arising, or received, there.

Dated the 20th February 1915.

From—Messrs. RALLI BROTHERS, Calcutta,

To—The Secretary to the Government of India, Finance Department, Delhi.

In accordance with the request contained in your letter No. 1867-F., dated Delhi, 2nd December 1914, we forwarded the letter we addressed to you dated 12th November to the Government of the Punjab, and now beg to enclose copy of the reply we have received from the Under Secretary of the Finance Department of that Government.

2. From his reply you will see the Lieutenant-Governor understands that we request that the Bahawalpur Durbar should be prevented from levying income tax on income accruing to the firm in the Bahawalpur State, and that he regrets that he cannot see his way to interfering with the action of the Durbar which appears to be prefectly legitimate.

3. In our letter to you dated 12th November 1914, we endeavoured to show that no income accrued to the firm in the Bahawalpur State as, *purchases only* of produce were effected in that State, the *sales* of this produce, which are the determining factors as to whether an income accrues or not, were effected in Europe and America, no *sales* being made in the Bahawalpur State.

4. The following issues therefore arise :

(1) If our contention that no income accrues to the firm in the Bahawalpur State is not correct, and the Bahawalpur State is legitimately entitled to the income tax collected, we pay income tax twice over, once to the Collector of Income Tax, Calcutta, on the results of our business throughout India, and again to the Bahawalpur State on the income said to accrue to the firm in that State.

(2) If our contention that no income accrues to the firm in the Bahawalpur State is correct, the levy of income tax in the Bahawalpur State is not correct.

We take it that the ruling of the Punjab Government is against us on the second issue, and the first issue remains to be decided by you.

5. In submitting this issue to you for your decision, and for orders relative thereto, we beg to state that it was never intended that Indian income tax should be levied twice over, and, as the Collector of Income Tax has refused to allow any remission, the tax is doubly levied as explained in the issue we have framed.

6. We have written the above with respect to our double payments in consequence of the levy by the Bahawalpur State, but there are other Native States that make similar levies, and in respect of these also a double payment exists. We have therefore the honour to request that the Collector of Income Tax, Calcutta, be instructed to make remissions to the extent of the payments made by us to the Bahawalpur State, and other Native States, and that these remissions should have retrospective effect for all such payments made by us on production by us of the receipts for such payments to the Bahawalpur State and other Native States, where income tax is similarly levied.

7. We enclose the following correspondence :

1. Copy of our letter to you, dated 12th November.

2. Copy of your letter No. 1867-F., dated 2nd December.

3. Copy of our letter to the Secretary of the Government of the Punjab, Financial Department.

4. Copy of our letter to you, dated 4th December.

5. Copy of letter No. 227-F. from the Under Secretary, Financial Department, Punjab Government.

Dated the 12th November 1914.

From—Messrs. RALLI BROTHERS, Calcutta,

To—The Secretary to the Government of India, Finance Department, Delhi.

On the advice of the Collector of Taxes here, we are writing to you in reference to the Indian income tax paid by our firm on the profits earned throughout India.

2. Our business is that of export merchants and for that purpose we have firms at Calcutta, Bombay and Karachi under whom are established many agencies in the larger towns and hundreds of sub-agencies in the smaller districts covering the whole of British India and the Native States under British-Indian jurisdiction at which we buy jute, cotton and other produce which are exported and sold by our firms in Europe and America. The whole of the accounts of the profits and losses of this business are concentrated in London and it is obviously impossible for us to say what fraction of the net result arises on particular purchases in any given district.

3. In accordance with sections 11 and 47 of the Indian Income Tax Act, 1886, we prepare statements (based on the copies of the profit and loss accounts of our London firm) shewing the nett profits of the business of our firm in India and submit them to the Collector in Calcutta who assesses us and receives payment of the income tax on the whole of our Indian profits. The Collector here then issues to us "Exemption Certificates" for the use of our firms in Bombay and Karachi and their and our dependent agencies and sub-agencies in meeting claims for assessment returns and income tax by the local officials in their respective districts.

4. Some of the officers in Native States refuse to accept these exemption certificates however and demand payment of income tax on our business in that State—the usual argument being that as we have staff employed in the district there must be some profit on the business done at that place. This, of course, is fallacious as no profit arises, accrues or is received till the produce is shipped home and the proceeds received by our head office in London and it is then impossible to say whether those fractional portions of the total Indian business have yielded a profit or a loss to the firm. Our agents have sometimes paid these amounts under protest, but as they have been very small we have not hitherto protested to headquarters.

5. Recently however our Bahawalpur sub-agency was pressed for payment of income tax there and on the case being taken to Court and payment insisted upon, our Mooltan Agent protested and appealed to the Political Agent who wrote to him as follows :—

"No. 3738.

"From—C. H. ATKINS, Esq., I.C.S., Political Agent, Phulkian State and Bahawalpur,

"To—The Agent, RALLI BROTHERS' Agency, Mooltan.

Dated the 26th September 1913.

"In continuation of my letter No. 3443, dated 9th September 1913, I am directed to inform you that the Government of India have held that income tax must be levied in British India on income earned in a Native State and remitted to a person in British territory. This is irrespective of the fact whether the income has directly paid tax in the Native State or not."

6. We then asked the Collector of Taxes here to remit to us the amount of the tax paid under protest as we had already paid here the income tax on the whole of our profits throughout India. He said he could make no remission however. Our Karachi firm then asked the Political Agent at Bahawalpur to let them have a copy of the decision of the Government of India on which his

letter to our Mooltan Agent of 26th September 1913 was based and his reply was as follows :—

"No. 1643.

"From—MAJOR A. J. O'BRIEN, C.I.E., I.A.,

"To—Messrs. RALLI BROTHERS, Karachi.

Dated Bahawalpur, the 3rd August 1914.

Sir,

"As requested in your letter of the 29th May last, I have the honour to enclose herewith a copy of the decision of the Government of India (Finance Department letter No. *3155-Exc., dated 20th June 1910), on which Mr. Atkins' letter No. 3738, dated 26th September 1913, addressed to your Mooltan Agency is based."

*Communicated to all Local Governments and Administrations.

7. You will see that the case referred to the Government of India has no bearing on ours and we cannot understand how the Political Agent came to use this decision as a basis of his refusal of our Mooltan Agent's appeal.

8. Will you please pass the necessary orders for the amounts already paid under protest for income tax at Bahawalpur to be refunded to us ? We do not ask for sums hitherto paid for income tax in other Native States to be returned but we should be much obliged if you would tell us a short way by which these demands upon us can be met as we do not think it is the intention of Government that we should pay Indian income tax twice over.

No. 1867-F., dated the 2nd December 1914.

From—E. BURDON, Esq., I.C.S., Under Secretary to the Government of India, Finance Department,

To—Messrs. RALLI BROTHERS, Calcutta.

In reply to your letter, dated the 12th November 1914, on the subject of the assessment to income-tax of the profits of your agency at Bahawalpur, I am directed to say that as the Bahawalpur State is within the political control of the Government of the Punjab, your representation should, in the first instance, be addressed to that Government. Your letter with its enclosures is accordingly returned herewith.

Dated the 4th December 1914.

From—Messrs. RALLI BROTHERS, Calcutta,

To—The Secretary of the Government of the Punjab, Financial Department.

We enclose a letter which we originally addressed to the Government of India on the advice of the Collector of Taxes, Calcutta, together with a copy of their reply from which you will see that our representation should in the first instance be addressed to you. Will you therefore kindly take the matter up ?

Dated the 4th December 114.

From—Messrs. RALLI BROTHERS, Calcutta,

To—The Secretary to the Government of India, Finance Department, Delhi.

We thank you for your letter No. 1867-F., dated 2nd instant, and according to your suggestion we have addressed our letter to the Government of the Punjab.

No. 227-Fincl., dated the 25th January 1915.

From—A. A. L. PARSONS, Esq., I.C.S., Under Secretary to the Government of the Punjab, Financial Department,

To—The Agent, Messrs. RALLI BROTHERS, Calcutta.

In reply to your letter, dated 4th December 1914, I am directed to say that the Lieutenant-Governor understands Messrs. Ralli Brothers to ask that the Bahawalpur Durbar should be prevented from levying income tax on the income

accruing to the firm in the Bahawalpur State. He regrets that he does not see his way to interfering with the action of the Durbar in this matter, which appears to be perfectly legitimate.

No. 527-F., dated Delhi, the 15th March 1915.

From—E. BURDON, Esq., I.C.S., Under Secretary to the Government of India, Finance Department,

To—The Secretary to the Government of the Punjab, Financial Department.

I am diretced to forward a copy of a letter, dated the 20th February 1915, from Messrs. Ralli Brothers, Calcutta, in which they submit a request that they may be allowed to deduct from the total income tax paid to Government on their Indian profits the amount that they have paid as local income tax in Bahawalpur and other Native States.

2. To enable them to adjudicate upon the claim, the Government of India desire to obtain certain particulars regarding the tax said to be levied by the Bahawalpur State. I am accordingly to request that, with the permission of His Honour the Lieutenant-Governor, information may be furnished on the following points :—

(1) Whether the Bahawalpur tax follows the Indian income tax both as regards conditions and amount of payment, or whether it is some impost levied on entirely different lines.

(2) How the amount of the tax payable by Messrs. Ralli Brothers to the State has been assessed and in particular how the income arising out of Bahawalpur transactions has been calculated.

No. 528-F., dated the 15th March 1915.

From—E. BURDON, Esq., I.C.S., Under Secretary to the Government of India, Finance Department,

To—Messrs. RALLI BROTHERS, Calcutta.

I am directed to acknowledge the receipt of your letter, dated the 20th February 1915, in which you request that your firm may be allowed to deduct, from the total income tax paid to Government on your Indian profits, the amount paid as local income tax in the Bahawalpur and other Native States.

2. In reply, I am to state that your representation is under the consideration of the Government of India and that orders will be issued thereon in due course.

No. 1337-Fincl., dated the 11th May 1915.

From—The HONOURABLE MR. R. A. MANT, I.C.S., Financial Secretary to the Government of the Punjab,

To—The Secretary to the Government of India, Finance Department.

In reply to Mr. Burdon's letter No. 527-F., dated the 15th March 1915, I am directed to say that the Bahawalpur Durbar have reported,

(1) that the Bahawalpur State income tax follows the Indian income tax both as regards conditions and amount of payment: and

(2) that the amount of tax has been assessed on the income earned on transactions in the Bahawalpur State. The Durbar have entered into a composition with the Company, according to a statement furnished by the latter of the business done in the whole State, at the rate of Rs. 180 a year for three years from 1913-14 to 1915-16. The agreement is to be revised after 1915-16.

464Find—820—22-10-15—GCBP Simla

No. H 2236 R.T.6-15-10.

GOVERNMENT OF H. H. THE MAHARAJA OF MYSORE.

Revenue and General Secretariat.

(Financial Br)

, dated the 19 Nov 1915.

Forwarded to the Comptroller to ~~the~~ Govt.

By Order,

12.11.15

for Fin Secy to Govt

List of Papers Forwarded.

(1) Govt of India ~~Resolu~~ Finl Dept Resolu no: 1357 C.B Dy 20/10/15 re: sanction to a project costing more than Rs 1,50,000.

(2) Govt of India Finance Dept letter no: 1484 F dated 8th Oct 15 regarding the introduction of revised arrangements for the encashment of currency notes at Govt Treasuries.

(3) Govt of India Finee Dept Resolution no: 1392-C.B. Dy 28/10/15 directing substitution of the rule given for Rule III (11) in the Resolu no: 368-Gl (C.A) Dy 15/3/13.

(4) Govt of India Finance Dept letter no: 1510-F Dy 23/10/15 regarding levy by Bhawalpur Durbar of Income tax on business transacted by messrs Ralli Brothers, Calcutta in the State.

G. R. S. 33

for 17/11 Secy 11/11/15

P. W. Serial No. 114]

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters below the number as given opposite, may be quoted. All communications should be addressed as follows:—Comptroller, Mysore Public Works and Railway Branch, Bangalore.

No. 5328 E 1692

MYSORE PUBLIC WORKS DEPARTMENT,
CENTRAL OFFICE OF ACCOUNTS,

Dated Bangalore, the January 191 6-
1930

FROM

DEWAN BAHADUR
J. S. CHAKRAVARTI, ESQ., M.A., F.R.A.S., etc.,
Comptroller to the Government
of His Highness the Maharaja of Mysore,
Public Works and Railway Branch.

15 16. G 7 6-15 //

II 28/1/30

To

The Secretary to the
Government of Mysore,
Finance Department.

Sir,

I have the honour to acknowledge the receipt of your letter No.Fl.1284/G.F.6-15 dated the 16th September 1915 inviting, with reference to the Government of India letter No.657A dated the 3rd August 1915 and its --- accompaniments sent with your Memo No.Fl.1125/G.F.6-15-3 dated the 31st August 1915, proposals for any improvements in the work of the Public Works Branch of my office which may be introduced with advantage.

2. The scheme outlined in the Government of India letter and its enclosures shows that the question of the fusion of the Public Works and Civil Accounts is still in the stage of discussion and the amalgamation so far effected is only in respect of the application of the -- Civil System of payment and audit to claims to salaries and travelling allowances of the Public Works Department.

3. The whole question of amalgamation was considered by me in 1913 and has engaged my attention ever since though on lines somewhat different from those of the -- Government of India. To my mind there cannot be insuperable difficulties in Mysore of abolishing altogether the system of cheque payments and introducing the syste-

of payments at District and Taluk Treasuries. I also --- think that a system of audit decentralisation is possible under which instead of the whole operations of audit both Civil and Public Works being centralised, it will be --- carried on chiefly by District Audit Officers who will be able to introduce the element of local audit to a greater extent.

4. I think, we may wait and see what arrangements will finally be adopted in British India for assimilating the two accounts. When the amalgamation scheme, in all its aspects, is reduced to working order there, we may -- then consider how far it is an improvement on the present system and how much of it may be adopted by us with --- advantage. In the meantime, the subject will continue to receive attention from the point of view explained in -- para 3. If I can arrive at any definite scheme on those lines which will be a decided improvement on the existing system from all points of view - executive, administrative and audit - I shall place them before Government for consideration and orders.

I have the honour to be,

Sir,

Your most obedient servant,

JChakravarti

COMPTROLLER,

Public Works and Railway Branch

DIARY No. 2225 93

Letter No. 49-E.B., dated the 15th January 1916, from the Government of India, Finance Department, to the Chief Secretary to the Government of Bombay.

@@*@*@*@*

I am directed to acknowledge the receipt of your letter No. 4767, dated the 28th December 1915, on the subject of the grant of advances for the purchase of motar cars and motor cycles to officers lent to Municipalities.

2. In reply, I am to say that the Government of India do not consider it necessary to make a general relaxation of the orders contained in Mr. Burdon's letter No.766-A., dated the 15th August 1914. In special cases, however, where the Local Government is satisfied that the financial position of the Municipality to whom an officer's services have been lent will not permit of the advance being made from Municipal funds, the Government of India are pleased to allow the Local Government a discretion to sanction advances from general revenues, provided the officer's duties are such as to render the possession of a motor car or motor cycle practically a necessity.

No. 1284.

Mysore Resident's Office,
Bangalore, 22nd February 1916.

A copy of the foregoing letter is forwarded to the Government of His Highness the Maharaja of Mysore, in continuation of this office endorsement No.7082, dated the 2nd October 1914.

651 : 3.10.14

First Assistant Resident.

No 1285

A copy of the foregoing letter, with a copy of the Finance Department letter No.766-A., dated the 15th August 1914, is forwarded to the President, Municipal Commission, Civil and Military Station of Bangalore, for information.

(sd) P. B. Warburton

First Assistant Resident.

7 m 896 of 1915 94
2 copies.

II
23/2

Rel 1694 of 24.2.16.

No. 83-A.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FROM

THE HONOURABLE MR. J. B. BRUNYATE, C.S.I., C.I.E., I.C.S.,
Secretary to the Government of India,

TO

ALL LOCAL GOVERNMENTS AND ADMINISTRATIONS.

Simla, the 9th February 1916.

SIR,

I AM directed to address you on the subject of the rules in Articles 164—167 A of the Civil Account Code, Volume I, which lay down the procedure to be adopted when Government Promissory Notes are deposited in trust with a Government officer *ex-officio* outside the scope of Article 163. It is provided that the Promissory Notes should remain in the name of the depositor in cases in which the deposit is for a period of not more than twelve months, or even for a longer term should the depositor not wish to draw interest for that period. In other cases it is prescribed that the security should be endorsed in the name of the Accounts Officers specified in Article 164. The main object of this procedure is to reduce to a minimum the necessity of undertaking the legal formalities connected with endorsement and re-endorsement, and in cases where these formalities are unavoidable, to entrust their supervision to a few selected officials who, from the nature of their duties, have experience in the handling of securities. The system is clearly a convenient one, and it is intended to apply, with the exception of the officers referred to in Article 163 of the Civil Account Code, to the holders of those public offices which have been notified under section 7 (1) of the Indian Securities Act (a list of which is given in Article 185 of the Civil Account Code), as well as to Government officials who are not empowered to hold securities in a representative capacity under that section.

2. It has, however, recently been brought to the notice of the Government of India that the procedure in question is not regularly observed, and that cases constantly arise of Government Promissory Notes bearing irregular endorsements which cause serious inconvenience to the Public Debt Office and to *bonâ fide* holders of notes. The following is an example of one of a class of cases which occur. "A Government Promissory Note is deposited by a contractor and endorsed in favour of (say) Mr. Smith, Superintendent, Alipore Jail. Inasmuch as the Superintendent of the Alipore Jail is not authorised by Government to hold securities in his official capacity under section 7 (1) of the Indian Securities Act, this portion of the endorsement must in law be disregarded. Subsequently Mr. Smith is replaced in the charge of the Alipore Jail by Mr. Jones, and the latter at a later stage endorses the note back to a lawful owner as Mr. Jones, Superintendent, Alipore Jail. Before the note comes back to the Public Debt Office possibly two or three more transfers occur. In such a case the irregularity in the chain of the endorsement can only be removed by cancelling Mr. Jones' endorsement and having the note re-endorsed by Mr. Smith which is necessarily in many cases impracticable."

3. I am accordingly to request that with the permission of
His Excellency the Governor in Council
His Honour the Lieutenant-Governor
His Honour the Lieutenant-Governor in Council
steps may be taken to impress on all officers concerned the necessity of a strict observance of the procedure laid down in the Civil Account Code. It is necessary in this connection to draw attention to the fact that it is not intended that such securities should be retained by the administrative officers with whom they are originally deposited, but that they should be lodged for safe custody in the nearest Civil Treasury or with an Accounts Officer, as the case may be, *vide* Articles 164 B and 167 A, Civil Account Code. The Government of India understand that in practice, however, this rule has not always been followed. I am to ask that all officers subordinate to the local Government who at present have Government Promissory Notes in their possession as deposits (including Treasury Officers with whom such notes may be lodged under Article 167 A) may be instructed to examine them and to satisfy themselves that the rules referred to above have been fully complied with ; and that if any irregular endorsement is detected in the course of the examination, steps may be taken to correct it and to apply now the procedure laid down in the rules. Any case in which the removal of an irregularity presents special difficulty may be referred to the Controller of Currency who has been given discretion to authorise the Public Debt Office in cases where this is clearly necessary to waive objections which might otherwise be raised.

4. I am further to request that the attention of Treasury Officers may be drawn to the fact that in the case of notes presented for payment of interest bearing irregular endorsements of the kind now under discussion, payment of interest should be refused under the rule in Article 183 of the Civil Account Code until the irregularities are removed. The proper course in such cases, when the irregularities cannot be removed, is that the holder of the note should be required (under the last note to Article 183) to receipt it for renewal ; it will then be forwarded to the Public Debt Office and the necessary action taken. The object of this procedure is to ensure that such irregularities are dealt with while they are of recent date ; they can then be more simply removed as the officer in connection with whom the irregularity occurred can be more readily referred to than is the case with irregularities of old standing.

5. In conclusion I am to inform you that it has been arranged that the Public Debt Office shall report periodically to the Controller of Currency cases in which departures from the procedure laid down in the Civil Account Code come to their notice. Particulars of these cases will be communicated by the latter to the Department or the local Government concerned in order that suitable action may be taken.

I have the honour to be,

SIR,

Your most obedient servant,

J. B. BRUNYATE,

Secretary to the Government of India.

Copy forwarded to the Controller of Currency and to the several Departments of the Government of India (including the Financial Adviser, Military Finance).

Copy also forwarded to all Accountants-General and Comptrollers.

By order,

E. BURDON,

Under Secretary to the Government of India.

G. M. Press, Simla.—No. 119 Fin.D.—15-2-16—1,300—B.A.

V
9/s

DIARY NO. 1990

96

Letter No. H.S.-452, dated the 7th February 1916, from the Government of India, Army Department, to the Adjutant General in India.

I am directed to inform you that the Government of India approve the extension to the Imperial Service Troops of the provisions of Indian Army Order No. 518, of 1915, regarding the grant of free passage to and from their homes to Indian soldiers granted sick or convalescent leave on return from active service.

2. The expenditure involved in the grant of the above concession is debitable to His Majesty's Government and should be passed to the Central War Controller for adjustment with reference to the instructions contained in Finance Department (Military) letter No. 430- Accounts, dated the 3rd May 1915, and any subsidiary instructions that may be issued on the subject.

No. 1668.

Mysore Resident's Office,

Bangalore, the 9th March 1916.

Rol 1769 9/10.3.16.

A copy of the foregoing letter is forwarded to the Government of His Highness the Maharaja of Mysore for information.

2. A copy of the Finance Department (Military) letter No. 430- Accounts, dated the 3rd May 1915, referred to, was communicated with this office endorsement No. 4006, dated the 7th June 1915.

First Assistant Resident.

No. H 4942

GOVERNMENT OF H. H. THE MAHARAJA OF MYSORE.

Revenue and General Secretariat.

( )

24/2 , dated the 25 March 1916

With Compliments
Forwarded to the Comptroller to the Govt of H H the Maharaja

By Order,

M & MD
For H Secretary

List of Papers Forwarded.

(1) Copy of letter no 49-E.B. of the 15. January 1916. from the Govt of India Finance Deptt to the chief Secretary to the Govt of Bombay received with First Assistant Residents No 1284 of 22. 2. 1916.

(2) Copy of letter no 83-A of Simla, the 9th February 1916. (the Printed copy is available in this file)

(3) Copy of letter no HS-452 of the 7th February 1916 from the Govt of India Army Deptt to the Adjutant General in India received with First Asst Residents No 1668 of 9. 3. 1916.

12653 98

8-16

G F

Government of India Finance Department Resolution

6-15

No. 159 E.B., dated the 7th March 1916. 15

No. 2275

Pol 1941 21-4-16

Mysore Resident's Office,

Bangalore, 31st March 1916.

A copy of the foregoing resolution is forwarded to the Government of His Highness the Maharaja of Mysore, ----- for information, in continuation of this office endorsement No. 1284, dated the 22nd February 1916.

First Assistant Resident.

No. 159-E.B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Simla, the 7th March 1916.

RESOLUTION.

The Governor-General in Council is pleased to issue the following instructions in supersession of those contained in the Resolutions of the Finance Department No. 1242-E.B., dated the 21st September 1915, and No. 1523-E.B., dated the 1st December 1915:—

In the Government of India, Finance Department letter No. 827-A., dated the 12th February 1912, it was held that motor-cycles were not sufficiently expensive to call for the grant of advances to officers for their purchase. The question has since been reconsidered with particular reference to the case of lower paid officers, and with the approval of His Majesty's Secretary of State for India it has now been decided to authorise Local Governments and Administrations to grant advances to officers at their discretion for the purchase of motor-cycles subject to the following conditions:—

(*i*) That the advance is given only when the Local Government or Administration considers that it is in the interest of the public service that the officer should use a motor-cycle in the discharge of his duties.

(*ii*) That the pay of the officer does not exceed Rs. 800 a month.

(*iii*) That the amount of the advance does not exceed Rs. 1,000.

(*iv*) That the recovery is made by deducting monthly instalments equal to one-twenty-fifth part of the advance from the salary bill of the officer concerned.

NOTE 1.—Officers drawing the advance will be required to execute a mortgage bond in the form 14-B., of Civil Account Code, Volume I, or a personal security bond in the form appended to the Resolution in the Finance Department No. 1173-E.B., dated the 7th September 1915, according as the advance is drawn in India or in England.

NOTE 2.—Note 1 under clause (*b*) of Article 137 of the Civil Account Code applies to this class of advance also, provided that the whole advance must in any case be recovered within 25 months from the month following that in which it is made.

NOTE 3.—Departments of the Government of India and heads of Imperial Departments exercise the powers of a Local Government for the purpose of the rule in the case of officers serving under them.

NOTE 4.—Advances for the purchase of motor-cycles to Government servants in foreign employ should be granted from the funds of the foreign employer and when the latter desires to make such an advance, he should apply to the Local Government of the province to which the officer belongs for the necessary sanction. The Local Government may grant sanction in such cases subject to the proviso that the advance should be regulated by the same conditions as would apply if the officer were serving directly under Government. In special cases, however, where an officer's services have been lent to a Municipality whose financial position will not permit of the advance being made from its funds the Local Government may at its discretion sanction advances from provincial revenues, provided the officer's duties are such as to render the possession of a motor-cycle practically a necessity.

NOTE 5.—The "net" amount of advances granted in any year under the rule should not exceed the amount provided in the Debt and Deposit Estimates for each province.

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d that the Resolution be communicated to all Local Governments istrations, to other Departments of the Government of India, to the missioner, Delhi, to the Comptroller and Auditor General, to all s-General and Comptrollers and to the Audit Officer, Delhi Province.

By order, etc.,

S. D. GUPTA,

Addl. Asst. Secy. to the Govt. of India.

621FinD—1,330—6-3-16—G.C.B.P. Simla.

8-W-16.

(17)

No. Jl 5398

GOVERNMENT OF H. H. THE MAHARAJA OF MYSORE.

Revenue and General Secretariat.

(6-15-16

, dated the 14 April 1916

Forwarded to the Comptroller to H.H. the Maharaja of Mysore with Compliments.

1

By Order,

8.4.16

for Secretary.

List of Papers Forwarded.

Govt of India Resolution No. 159-EB. dt Simla 7.3.1916.

DIARY NO. ~~9504~~ 2923

Letter No. H.2648, dated the 8th April 1916, from the Deputy Secretary to the Government of India Army Department, to the Adjutant General in India.

I am directed to refer to Army Department letter No. H. 9384, dated the 25th November 1915, and to say that the Government of India have decided that British Army Reservists employed in civil government departments, who have been recalled to the colours, shall be permitted to retain a lien on their civil appointments and to count towards increment the period during which they are embodied for actual military service, if duty in the civil department would ordinarily have so counted.

No. 2874. Mysore Resident's Office,

Bangalore, the 24th April 1916.

A copy of the foregoing letter is forwarded to the Government of His Highness the Maharaja of Mysore for information in continuation of Mr. Warburton's endorsement No. 9216, dated the 17th December 1915.

J. Sr. G. Turner

First Assistant Resident.

No. H 5754

GOVERNMENT OF H. H. THE MAHARAJA OF MYSORE.

Revenue and General Secretariat.

(G. F. 6-15-)18

, dated the 9th May 1916.

With Compliments

Forwarded to the Comptroller to the Govt of H H the Maharaja of Mysore

By Order,

2.5.16

For H Secretary

List of Papers Forwarded.

Copy of letter No. H. 2648 of 8/4/16 from the Deputy Secretary to the Govt of India, Army Dept, addressed to the Adjutant General in India

G. R. S. 33